LONGINES
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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Egypt expels Soviet envoys

Egypt is to expel about 40 Soviet diplomats from Cairo and has asked the remaining Russian technicians in the country to leave in retaliation for the Soviet invasion of Afghanistan.

In a major speech yesterday, Egyptian President Anwar Sadat said the Soviet Embassy staff would be cut to seven, the same number as Egypt has in Moscow.

Margaret Thatcher said in the Commons that the UK faced a grave development in East-West relations. The Soviet action in Afghanistan and the arrest of Professor Sakharov showed a brutal disregard for international behaviour. Back and Page 8

### Cell killing

Psychopath Vincent Smith, 20, who was serving a life sentence at Wormwood Scrubs prison for murder, killed minor offender Paul Lehair, also 20, who was put in the same cell, an Old Bailey court heard. Smith was sent to Broadmoor after pleading guilty to manslaughter through diminished responsibility.

### Talks crisis

Four-week constitutional conference on Northern Ireland will reach its crisis point today when Ian Paisley, the main Unionist representative, is almost certain to be asked for his proposals on power sharing. Page 7

### £1m silver theft

Silver worth about £1m has been stolen from a warehouse near Heathrow. A reward of £100,000 has been offered.

### Detainees return

Sixty-two Rhodesian black nationalists who had been detained in Mozambique returned to Salisbury. They will be allowed to contest the elections, even though the legal time limit for registration has expired. Page 3

### Japan chief quits

Japan's army chief resigned and 11 senior defence officials were disciplined in connection with the spy scandal. A retired major-general is alleged to have passed secrets to Moscow.

### Sports protest

British candidates standing for posts in international sporting federations will be opposed by the 49 countries of the Supreme Council for Sport in Africa in protest against Britain's rugby links with South Africa.

### Death sentence

South Korean military appeals court confirmed the death sentence imposed on the former Intelligence Agency director Kim Jae-Kyu for killing President Park Chung-Hee three months ago. The death sentence was also upheld on five other who were involved in the assassination.

### Train accident

Seventeen people were taken to hospital after a suburban train ran into the buffers at London's St. Pancras Station. No one was seriously injured.

### Briefly ...

Death toll from Cyclone Hyacinth on the French Indian Ocean island of Reunion rose to 15, most of them children.

Police were hunting two teenage boys in Geneva after an emerald worth $1m was stolen from Cartier's jewellery shop.

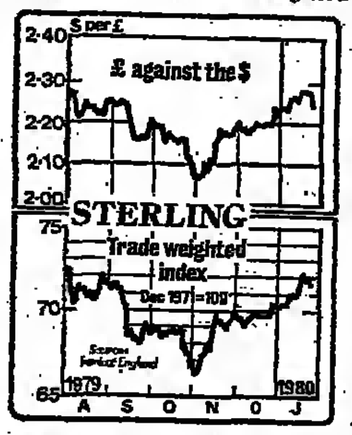
John Foster, 48, from Belfast, was found unharmed six hours after being kidnapped by four armed men while on holiday in the Irish Republic.

### BUSINESS

## Gold weaker; Sterling off 1.55c

● GOLD lost $35 in London to close at $635 after touching $613 soon after New York opened. Back Page

● STERLING fell to $2.2485, a loss of 1.55c, partly on steel strike fears. Its trade-weighted




index was 71.6 (71.9). DOLLAR traded within a narrow range and its index rose to 85.1 (84.9).

● EQUITIES opened firm, then drifted lower and the FT 30-share index gain was reduced to 1.2 for a close of 453.6. South African GOLDS followed the bullion fall and the Gold Mines index fell 13.7 to 311.2.

● GILT market was quiet and the Government Securities index dropped 0.14 to 67.64.

● WALL STREET was up 2.99 at 879.10 near the close.

● IRANIAN Central Bank has notified all U.S. banks operating in Iran that their licences have been cancelled. Page 3

● MOTOR products balance of payments for the UK was in the red for the first time last year with a £287m deficit. Back Page

● PORT OF LONDON Authority has warned it may transfer operations out of the India and Millwall Docks unless working practices are improved and manning levels reduced. Back Page

● ENERGY companies would be invited to participate in an all-party energy studies group proposed by MPs and Page 6

● ALASKAN continental shelf may hold more oil than first thought, according to a new U.S. survey. Page 5

● GULF STATES plan to replace the Cairo-based Arab Organisation for Industrialisation with a $8bn arms industry. Page 4

● TURKISH Government has announced details of a programme to tackle nearly $1.9bn of arrears on unguaranteed suppliers' credits. Page 4

### COMPANIES

● SHELL OIL, the U.S. subsidiary of Royal Dutch Shell, reported fourth quarter earnings up 72 per cent from $192.3m to $331.2m (£147.3m). Page 21

● ELLIS AND EVERARD, the industrial chemicals distributor, raised first-half pre-tax profits from £546,000 to £835,000 on turnover about 32 per cent higher at £13.96m. Page 18

● BRENTALL BEARD (Holdings), insurance broker, more then doubled its pre-tax loss for the year from £526,000 to £1.2m on turnover £2m lower at £2.51m. Page 18

● PHILIPS, the Dutch electrical group, is to sell its pharmaceutical subsidiary, Duphar, to the Belgian chemicals group, Solvay. Page 22

● DOLPHIN Investments has sold 62,500 ordinary shares in Furness Withy, reducing its holding from 11.2 per cent to 10.99 per cent. Page 19

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Automated Security | 240 | + 7 |
| Bowater | 166 | + 4 |
| Bowring (C. T.) | 145 | + 4 |
| Cawoods | 158 | + 6 |
| Centrovincial Estates | 124 | + 8 |
| Channel Tunnel | 145 | + 47 |
| Dyson (J. & J.) | 54 | + 7 |
| Ellis & Everard | 134 | + 12 |
| Eucalyptus | 110 | + 13 |
| Gibbs (A.) | 80 | + 6 |
| Gomme | 52 | + 4 |
| Hamilborne | 70 | + 7 |
| Lloyds Bank | 308 | + 6 |
| ML Holdings | 240 | + 10 |
| Martin The Newsagent | 198 | + 6 |
| Serck | 46 | + 6 |
| Sime Darby | 88 | + 5 |
| Wardle (B.) | 28½ | + 3½ |
| CCP North Sea | 325 | + 20 |
| Siebens (UK) | 694 | + 44 |
| Hidong Estate | 72 | + 9 |
| Malakoff | 92 | + 20 |
| Eagle Corp. | 50 | + 8 |
| Hampton Areas | 305 | + 20 |
| Mount Lyell | 134 | + 14 |
| Seltrust A | 200 | + 8 |
| Whim Creek | 90 | + 8 |

| FALLS | | |
|---|---|---|
| Treasury 12¼% 2003-05 (£25 pd.) | £23¼ | − ¾ |
| Associated Dairies | 178 | − 10 |
| Bell (A.) | 181 | − 5 |
| Macarthys Pharm. | 100 | − 4 |
| Muirhead | 193xd | − 8 |
| Sainsbury (J.) | 298 | − 12 |
| Sothebys | 462 | − 8 |
| Tesco | 68 | − 2½ |
| Bracken | 172 | − 21 |
| Doornfontein | 574 | − 41 |
| Leslie | 132 | − 13 |
| Libanon | 872 | − 51 |
| Marievale | 159 | − 21 |

# Strikes at private steel plants may be called off today

BY CHRISTIAN TYLER, LABOUR EDITOR

**Leaders of the Iron and Steel Trades Confederation may today call off, or at least suspend, their industrial action in the private steel industry after the ruling by the Court of Appeal on Saturday.**

But thousands of steel workers yesterday ignored the ruling which granted an injunction against the union which had earlier in the week been refused by a judge.

The union said 43 out of the 44 steel works owned by independent producers had stopped, as 15,000 of its members expressed sympathy with their colleagues who have been on strike against the British Steel Corporation for four weeks.
machine thirty nine

The House of Lords Appeal Committee may decide on Thursday whether or not to grant the union leave to appeal to the Law Lords against Saturday's judgment by Lord Denning and two other judges. It was suggested yesterday that if leave was given, the Lords might take the case as early as Friday.

The political temperature of the dispute was raised yesterday by Mr. Arthur Scargill, militant president of the Yorkshire miners, who called on pickets to defy Lord Denning's decision. Several Tory MPs called in the Commons for his prosecution.

Union officials believe the effect of Lord Denning's judgment has been to increase, rather than weaken, the sympathy of ISTS members in the private sector. According to the ISTC, the only private steelmakers still operating was Sheerness Steel.

Although the union said last night it had not yet been served with a court order, its 21-man executive committee could risk a fine or jail for contempt if they decided to prosecute the strike in the private sector.

The officials actually named in the injunction are Mr. Bill Sirs, general secretary, Mr. Les Bramley, president, and Mr. Eddie Makepeace, vice-president.

Mr. Sirs, himself a magistrate and a lay judge on the Employment Appeal Tribunal, said yesterday that he was prepared to go to jail if necessary to defend a decision of the executive to disobey the law.

Speaking at a rally in Cardiff, called as part of a day of protest in Wales against threatened job losses in coal and steel, he said. "I don't want to be a martyr. But I have no intention of letting down my executive or the working class in general."

If he and his colleagues did go to jail, he said, there was no doubt but that there would be a "terrible explosion" in the trade union movement.

Mr. Len Murray, TUC general secretary, is now trying to bring the ISTC and the National Union of Blastfurnacemen back into talks with the British Steel Corporation.

He met leaders of the other nine unions in the industry

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### ONE-DAY PROTEST IN WALES

Coal fields, railways, docks and many bus services were paralysed in South Wales yesterday by a one-day strike in protest against the threatened rapid run-down of the steel and coal mining industries there.

The Wales TUC said up to 250,000 people took part in the action. About 15,000 marched to a Cardiff protest rally. Back Page

# Saudi Arabia raises oil price by $2 a barrel

BY RAY DAFTER, ENERGY EDITOR

SAUDI ARABIA, the world's biggest oil exporter, has raised its crude oil prices by at least $2 a barrel, back-dated to January 1. A further rise is being considered for April 1.

The move, widely expected, will bring Saudi prices more in line with those of other Gulf producers. It was felt within the oil industry last night that the action was unlikely to prompt other exporters to force up their prices again—at least for the time being.

The Saudis are raising the price of their Arabian light crude from $24 to $26 a barrel. This oil is normally used as a reference for pricing purposes. However, in recent months, there have been big differences in the prices of similar crudes, reflecting the varying stance of the pricing "hawks" and "doves."

Iran, for instance, is charging a contract price of $28.50 for its light crude although a number of companies—including Shell and British Petroleum—have agreed to pay $30 a barrel for bulk supplies. On the other hand, Iraq is charging $25.96 for its Basrah light crude and Kuwait has priced its light oil at $25.50.

According to industry reports, Saudi Arabia's State-run oil company Petromin has also raised the price of Arabian heavy crude from $23.17 to $25 a barrel. The price of Berri light crude is said to have gone up from around $24.72 to $27.52 while Saudi Arabia's medium crude is now costing $25.45 a barrel, an increase of $1.90.

It is understood that the Saudi Government has been working on financial projections based on a 15 per cent price rise between the end of last year and the second quarter of 1980. This would mean that Arabian light crude could be costing $27.60 a barrl by April.

Howver, much will dpend on whether th Organisation of Petrolum Exporting Countries reconvenes a price-fixing ministerial meeting to try to bring more order in to the pricing system in the next few months.

A factor that could influence the pricing trend is the amount of oil made available by leading OPEC members. The Saudi Government's financial projections indicate that the kingdom's output—now 9.5m barrels a day—may be trimmed to 9m barrels on April 1 and to the more politically acceptable level of 8.5m barrels by July 1.

● British National Oil Corporation said yesterday that the majority of producers in the UK sector of the North Sea had settled for a basic reference price of $29.75.

However, it is understood that a few independent companies—those without their own refineries—are holding out for higher crude prices, more in line with those being charged by Algeria ($33 a barrel) and Libya (up to $34.72). It now seems likely that independent experts will be called in to fix the market price for at least a couple of these companies.

# Synthetic rubber pricing row

BY SUE CAMERON, CHEMICALS CORRESPONDENT

INTERNATIONAL Synthetic Rubber, Europe's biggest producer of styrene-butadiene rubber, which is used chiefly for car and lorry tyres, has halted production. The move, it says, is in protest at the "extortionate" raw material price increases which, it claims, are being demanded by three major chemical companies.

The UK-based company is owned by a consortium of tyre companies — Dunlop, Goodyear, Firestone, Uniroyal, BTR and Michelin. The tyre industry throughout Europe has been hit by overcapacity and weak prices, and several companies hava reduced production and axed jobs.

TSR said its decision to halt production was an attempt to force its three main suppliers of butadiene raw material — Esso Chemical, BP Chemicals and Imperial Chemical Industries — to offer "fairer prices." It was prepared to keep its plants shut as long as necessary.

ISR says that the three are asking it to pay around £330 a tonne for butadiene—17 per cent more than a month ago—but are simultaneously shipping the chemical to the U.S. where they are selling it for less than £290 a tonne including freight charges.

The company's plants at Hythe, Hampshire, and Grangemouth, Scotland, have a production capacity of some 250,000 tonnes a year. They employ about 100 people but ISR said it had not so far been necessary to lay off anyone. Employees were being kept busy with maintenance work.

ISR, with a turnover of £90m last year, said it could meet its customers' needs from stock at present.

The suppliers had intially asked for around £340 a tonne for butadiene for first three

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## CONTENTS



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# Bid to curb D-mark reserve role

BY NICHOLAS COLCHESTER

THE West German Bundesbank has acted to curb the sale of schuldscheine — Deutschemark denominated promissory notes—to foreign investors as another measure to slow the emergence of the D-mark as a reserve currency.

As a result of a gentleman's agreement between the central bank and the banking sector foreign investors will not be sold promissory notes with an average maturity of less than five years. Until now the lower limit was a maturity of four years.

By lengthening the minimum permissible maturity the Bundesbank is providing further protection for German short term interest rates from the currency whims of international investors. The relatively short maturity of the four-year notes made schuldscheine a very popular choice among foreign investors last year. It is estimated that the banks sold DM 10bn (£2.5bn) worth of this paper abroad in 1979.

As part of the same agreement the German banks will not arrange D-mark bond issues through their Luxembourg subsidiaries. This extends the unofficial ban on such issues which was imposed early last year.

West German bankers do not see the new measures having an immediate impact because at the moment international interest in D-mark investment is low. One of the effects of th oil price rise has been to cast doubts over the long term strength of both traditional "strong currencies"—the Swiss franc and the D-mark. Bankers feel the Bundesbank has used this lull to anticipate any speculative surge into the D-mark.

# Carter calls for $15bn rise in defence budget

BY DAVID BUCHAN IN WASHINGTON

PRESIDEN Jimmy Carter has sent Congress a $615.8bn (£273.7bn) Federal Budget for 1980-81 that raises U.S. defence spending by $15bn in an "uncertain and sometimes hostile world," but which more than halves the current budget deficit to curb "unacceptably high inflation" at home.

The estimated $15.8bn deficit for 1980-81 would be the lowest in seven years, and $50bn less than when Mr. Carter ran for the Presidency in 1976. It compares with the shortfall in the current fiscal year which has swollen to $40bn, in part owing to the extra cost of limiting grain sales to the Soviet Union.

Mr. Carter called his Budget package and smaller deficit, which should reduce Government borrowing, "prudent and responsible." Despite administration forecasts of a mild economic recession this year, he ruled out any stimulatory tax cuts. These would be considered, he told Congress yesterday, if later the economy "begins to deteriorate significantly."

Along with the Budget plans, the Administration is predicting a drop in real output this calendar year of 1 per cent (against the modest and unexpected gain of 0.8 per cent last year). It expects a slight improvement in the inflation rate to 10.4 per cent (13.2 per cent last year according to the consumer price index), and a rise in the unemployment rate to 7.5 per cent by the fourth quarter.

Mr. Charles Schultze, chairman of the President's Council of Economic Advisers said statistics did not yet show an overall decrease in economic activity, though there had been some sectoral weakening in cars and housing.

Thus, it would be wrong for the administration to jump in with a stimulatory Budget, if in fact recession forecasts proved as unfounded this year as they were last year. The inflationary risks of premature tax-cutting or spending increases were greater than the recessionary risks of inaction Mr. Schultze said.

"There is no waste in it we could possibly eliminate," Mr. Carter said as he signed the Budget proposals.

Coogresssional reaction is likely to be mixed. Liberals, particularly on the Democratic side, may be dismayed that the Budget's only domestic initiative is for a two year, $2bn youth job training programme. But they are likely to be outweighed by supporters of Mr. Carter's proposed additional $15bn for military spending in 1980-81.

Improved air transport, more ships and a build-up of spare parts and war stocks are among the prominent features of the $142.7bn defence budget that is clearly aimed at giving some credence to President Carter's commitment to use American forces, if necessary, to defend the West's oil interests in the Gulf and Indian Ocean.

Mr. Carter, justifying the larage defence increase, said he could not ignore major increases in Soviet military spending, nor "the implications of terrorism in Iran, or Soviet aggression in Afghanistan."

The only other major area in which public spending would be increased is energy. Mr. Carter proposes a rise in direct Government outlays from $7.6bn in the current fiscal year to $8.1bn in 1980-81, with the aim of encouraging conservation, underpinning synthetic fuel development and building up the U.S. strategic oil reserve.

The 1981 fiscal year budget only takes effect on October 1 this year, a month before the Presidential election. But it serves as the economic policy platform on which Mr. Carter will run against Senator Edward Kennedy.

The deficit reduction in 1980-1981 would be based on increased Government revenues from the windfall profits tax on oil company earnings and on higher amounts paid by taxpayers pushed by inflation into higher tax brackets.

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### Kennedy hits out

Senator Edward Kennedy yesterday proposed an immediate wage and price freeze and instant implementation of petrol rationing.

In a major attempt to reverse the slump in his political fortunes, the Senator in effect offered the nation the State of the Union message he thought President Carter should have given last week.

On foreign policy, he accused the President of exaggerating the risks the U.S. now faced from the Soviet invasion of Afghanistan and called for the immediate creation of a United Nations commission to examine Iranian grievances against the deposed Shah. Page 5

### £ in New York

| — | Jan 25 | Previous |
|---|---|---|
| Spot | $2.2570-2585 | $2.2760-2778 |
| 1 mth | 0.61-0.56 dis | 0.80-0.75 dis |
| 3 mths | 1.66-1.61 dis | 1.75-1.68 dis |
| 12 mths | 3.40-3.25 dis | 3.58-3.53 dis |

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# Cossiga to seek confidence vote on security

BY PAUL BETTS IN ROME

LAST NIGHT Sig. Francesco Cossiga, the Italian Prime Minister, was expected to turn the controversial parliamentary debate on his Government's anti-terrorist measures into a vote of confidence. The emergency measures, approved by the minority administration last month, are being seriously challenged by the 18 deputies of the small Radical Party, who have tabled more than 5,000 amendments to the package.

The decree law, which gives the Italian police and security forces greater powers for holding and interrogating terrorist suspects, must be approved by Parliament by February 14. Failing approval by then, the entire package would be invalidated and the Government would be forced to introduce a new decree law.

While most of the main parties generally approve of the anti-terrorist measures, repeated obstruction by the small and vociferous Radical Party has effectively brought the Italian parliament to its knees.

Sig. Cossiga, who returned from an official visit to Washington on Sunday, said he would turn the debate into a motion of confidence if no compromise was reached with the Radicals. "The very credibility of the Italian Parliament was now at stake," he said.

Following the failure yesterday of the Socialist and Communist parties to negotiate a compromise with the Radicals, Sig. Cossiga was considering a motion of confidence on the issue last night before flying to London today to meet Mrs. Margaret Thatcher, the British Prime Minister.

His visit to London is also expected to coincide with an announcement that the Queen and Prince Philip will pay an official visit to Italy later this year, which is likely to include a meeting with Pope John Paul II.

Although a confidence motion is seen purely as a technical device to overcome the radical party's intransigent stand, it may fuel political tensions already undermining the fragile Government.

New outbursts of political violence during the last few days, including the killing of two police officers in Genoa and serious police street clashes with extremists in Rome at the weekend, have added further urgency to Parliamentary approval of the security measures.

# One stock market is goal of Commission

By John Wyles in Brussels

REPRESENTATIVES of EEC stock exchanges, security firms and other financial institutions will be invited by the European Commission to a symposium in Brussels later this year to discuss possible moves towards an integrated Community stock market.

Among other things, Commission officials hope that by focusing attention on the goal of one market for European securities, the symposium will give greater impetus to their drive to harmonise the disparate disclosure, surveillance and trading procedures within the EEC.

In comparison with U.S., some EEC stock exchanges are a paradise for insider dealing and financially threadbare companies. The Commission has fought for some time and with mixed success to raise standards, although relatively substantial progress has been made in the past couple of years.

Its recommendation for a code of conduct covering transactions in transferrable securities has now been endorsed by most member states. However, the extent of its application is variable.

Last March, member governments endorsed a directive covering conditions of listing on stock exchanges and related disclosure requirements.

In December, a second directive, specifying the minimum contents of prospectuses issued by companies securing a listing was agreed and a third directive is to be discussed shortly which will co-ordinate information which must be published regularly by listed companies.

Commission officials are impressed by U.S. efforts to create a national securities market through electronic links between the New York and five or six regional stock exchanges. A comparable goal for the Community should, they feel, be on the agenda for the 1980s although they acknowledge that much needs to be achieved beforehand.

Some of the tasks were set out at the end of last week in a speech in Milan by Mr. Christopher Tugendhat, the EEC's Budget Commissioner, who is also responsible for policy on financial institutions.

He stressed that many stock markets needed greater public confidence and disclosed that the Commission was trying to think of ways of ensuring that a greater proportion of share transactions are executed in organised markets.

# French float idea of European nuclear force

BY DAVID WHITE IN PARIS

THE IDEA of a joint European nuclear deterrent force in which France and the UK would participate has been floated here by one of President Valery Giscard d'Estaing's closest political associates, M. Michel Poniatowski, the former Interior Minister.

The proposal, which goes against the official French line of nuclear independence, is bound to revive suggestions about possible changes in policy.

M. Poniatowski, who has recently acted as the President's personal representative on special missions, said on radio that France and Europe should put together their own nuclear force, to avoid participating in "the super-suicide of the super-powers" in the event of a major conflict.

He said an agreement between France and Britain would produce "a real deterrent force." France's nuclear submarine fleet, for which a sixth vessel is now under construction, would be armed with multiple-warhead missiles, making a total of 500.

M. Poniatowski pressed for a "de-nationalisation" of Europe. The umbrella of U.S. protection had holes in it, and would probably be valid in no more than one in four potential cases. A joint European force would take time to build, but it was "an inevitable development," he said.

His statement, which cannot be taken as expressing official thinking, came five months after a controversial proposal by two well-known Gaullists for a nuclear weapons link between France and West Germany.

M. Alexandre Sanguinetti, a former Gaullist Party secretary-general, and Gen. Georges Buis, retired head of the National Defence Studies Institute, also argued that U.S. protection could not be counted on. Since the UK was too close to the U.S. and since its weapons were obsolescent, an alliance outside NATO, using West German funds, was the only way to provide a credible nuclear defence.

A presidential spokesman made clear at the time that there had been no modification in France's strategic options. In a defence policy report sent to Parliament in the autumn, the Government stressed that France was not opting out of obligations to its European allies. But it retained freedom to decide whether or when to become militarily involved in any conflict affecting the Atlantic alliance.

The report placed priority on modernising the French nuclear force in the 1980s to achieve a level of sophistication comparable with that of the U.S. and the Soviet Union. France's new M4 multiple warhead system, now being tested, is due to be installed on its nuclear submarines from 1985 onwards. Its nuclear capacity is also to be reinforced next year, when a fifth Air Force squadron will be armed with tactical nuclear weapons, and by development of a new ground-to-ground nuclear missile.

M. Poniatowski: How to avoid "super-suicide."

BOOM TIMES OVER FOR TWO WEST GERMAN INDUSTRIES

# Chemicals sector hit by surge in raw materials prices

BY KEVIN DONE IN FRANKFURT

AFTER A record last year, the West German chemicals industry, the largest in Western Europe, expects only modest growth in production in 1980.

It is becoming increasingly preoccupied with the problems of passing on rapidly rising raw materials costs to its customers, but sees little chance, even in the longer term, of switching significantly to alternative feedstocks.

At best, the industry this year expects growth (in real terms) of 2 per cent, following a rise in production last year of 5.6 per cent and of 5 per cent in 1978.

For the first time the value of chemicals sales broke the DM 100bn barrier last year, rising by 15 per cent over 1978 to a total of DM 103bn (£26bn). The main boost came from exports, which rose by 20 per cent compared with 1978, and accounted for just under 43 per cent of all sales.

By contrast, sales to the domestic market rose by only 14 per cent, to DM 64bn (£16.2bn), while imports rose by 27 per cent in value to DM 24bn ($6.1bn).

The principal reason for the industry's strong growth last year came from the surging demand for basic petrochemicals and related products. The rapid series of increases in the price of crude oil and concern about the security of supplies, boosted demand for petrochemicals way above the 1978 level.

This will be reflected significantly in the profit figures to be announced by the industry's most important companies, such as BASF Bayer and Hoechst, over the next few months. The industry has operated at much higher capacity levels during the past 12 months, which has had a dramatic effect on its profitability.

Plants producing ethylene, for example, the most important basic petrochemical which is used in a wide range of products from plastics and detergents to fibres and anti-freeze, were run at an average capacity last year of 83 per cent, compared to 76 per cent in 1978.

Dr. Karl Wamsler, president of the West German Chemical Industry Association, said yesterday that demand for most chemical products was still expanding satisfactorily, but the industry feared a steady slowing in growth in the coming months.

Demand from major customer industries, such as the motor vehicle manufacturing and building sectors, was expected to fall, along with the general weakening of growth in the domestic economy and in major importing countries.

In addition, many customers had built up stocks to a high level during 1979 ahead of price rises, which added further uncertainty to demand in 1980.

Dr. Wamsler implicitly attacked the oil industry for increasing the price of naphtha, the chemical industry's most important oil product raw material, by far more than the general increases in crude oil prices.

The West German chemical industry was now paying DM 650 (£165) per tonne for naphtha, compared with an average price of DM 270 in 1978 and DM 540 at the end of 1979, he said. The further rise of 20 per cent in the first days of 1980 had already added DM 400m to the industry's costs.

Some 80 per cent of the West German chemical industry's products are either directly or indirectly derived from oil-based raw materials. There was no sensible alternative, either commercially or technically, to these feedstocks, said Dr. Wamsler.

Last year, the chemicals industry used 21m tonnes of oil products, 15 per cent of total West German consumption, and, of this, 17m tonnes were used as feedstocks.

Investment in the chemicals industry, which accounts for about 14 per cent of total investment in manufacturing industry in West Germany, amounted to some DM 6bn (£1.5bn) last year, a rise of 7.5 per cent over 1978. A similar investment level is expected this year.

The main foreign market for West German chemicals last year was France, followed by the Netherlands and Italy. The Netherlands is also the major chemicals exporter to the Federal Republic. West Germany's chemicals exports to other EEC countries grew by 27.3 per cent in the first 11 months of last year, while exports to the U.S. grew by 6 per cent (imports from the U.S. rose by 18.2 per cent), to Japan by 20.8 per cent and to the East bloc by 15.7 per cent.

# Madrid earmarks £16.5m for steel company rescue

BY ROBERT GRAHAM IN MADRID

THE Spanish Government has approved a Pta2.5bn (£16.5m) soft credit to Echevarria, one of the country's leading private steel concerns, as part of a salvage operation agreed by the company's shareholders, creditors and workers.

It is hoping to use the Echevarria example to speed restructuring of the three main steel producers — Altos Hornos de Vizcaya, Altos Hornos de Mediterraneo, and Ensidesa.

The latter two, controlled by the state holding company INI, are of particular concern to the Government. Efforts to enforce tough wage guidelines and some redundancies threaten a national steel strike next month, according to the main unions involved.

Echevarria has avoided such a confrontation, largely because of union concern that the company, which has accumulated losses of some Pta4.5bn (£30m), could be made bankrupt. The rescue package follows a preliminary agreement last September that released Pta1.25bn worth of soft Government credit as a bridging loan.

The new agreement is along similar lines to that arranged for the capital goods manufacturer Babcock Wilcox Espanola almost two years ago, under which the shareholders, creditors and workers all accepted important sacrifices.

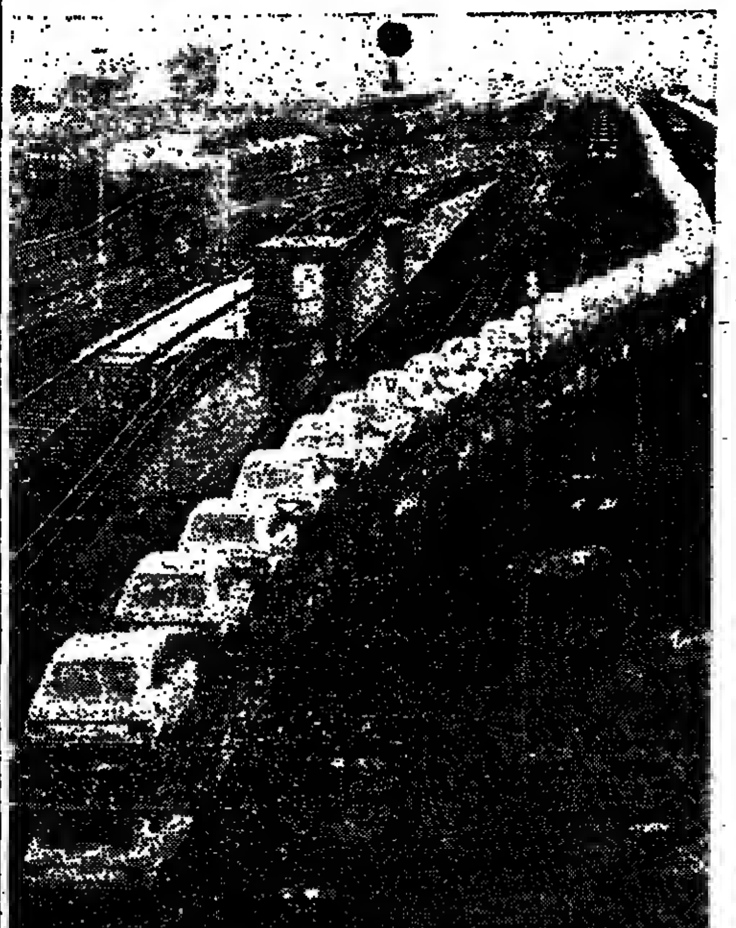
The Echevarria operation involves rolling back debt to the commercial banks and agreement on delayed payments to suppliers. For its part, the Government will be providing the new soft credit for 13 years with three years' grace initially at minimal interest rates.

Equally important, the unions have accepted a three-year framework for wages. For this year and next, wages will only increase 4 per cent annually. Strict norms will govern any higher increase in 1982. By that time, the 4,500 workforce is also expected to have been cut by more than a quarter.

Wages represent almost 49 per cent of company turnover. The European average is reckoned to be around 20 per cent.

The Ensidesa management, meanwhile, has warned of a gloomy future if the workforce fails to accept sacrifices. A note sent round the group's plants last week said that the company faced a grim future within Europe so long as wage costs continued high and productivity low.

Wages currently represent 28 per cent of turnover and debt service 12 per cent.



● New cars bound for the road—by train.

# Vehicle makers face tough year

BY ROGER BOYES IN BONN

THE FIVE-YEAR boom in the West German motor industry has come to an end and 1980 looks set to be a difficult year for manufacturers. This much is clear from the latest vehicle registration figures and a detailed forecast issued yesterday by the influential IFO economic research institute.

At first sight, the registration figures for 1979 seem to indicate that domestic demand for vehicles is still high. Over 2.9m vehicles were registered, just short of the record 1978 figure. But closer examination shows that the main surge occurred between February and May. In the second half registrations dropped dramatically and the December figure was the worst since 1974.

This bears out IFO's conclusion that the motor sector is cooling off rapidly, because of the steep increases in vehicle and petrol prices and generally slower economic growth.

A Commerzbank report this week also showed that private households in West Germany paid out an additional DM 10bn (£2.5bn) to cope with higher petrol and heating oil costs, a factor which clearly bites into disposable income and has a dampening effect on new car purchases.

Meanwhile, there are signs that both the public sector and private companies may be reluctant in the coming year to invest in large scale commercial vehicle purchases.

Strong domestic demand has been the buoying force in the West German motor boom especially over the past three years when the strength of the Deutsche Mark against the other main currencies has created special problems for exports. Production costs are high (in 1978, DM 24.44 per man hour, compared to DM 9.54 per man hour in Britain) and some foreign competitors, especially the Japanese, are capturing larger slices of the domestic market.

IFO expects that there will be a switch towards public transport in the coming year, partly because of factors such as increased school traffic and partly because of the high costs of individual short-distance travel by private car. This could benefit domestic demand for buses which has been marking time somewhat (new registrations for buses rose by only 1.6 per cent).

While some West German car plants are already on short-time working, production figures have pointed towards a drop in domestic demand for some time but the trend was not immediately reflected in registration figures mainly because of well-padded order books. Now IFO predicts that new registrations will fall by 11 per cent this year to 2.3m.

Nor does an analysis of West German trade give any hope to motor manufacturers. IFO shows that the main form of transport to benefit from the economic upswing in 1979 was the railway system, at the expense of road transport and the inland waterways.

To some degree this reflects conscious decisions made by the Bonn Government. A move to import more crude oil rather than oil products, for example, bit the staple cargo of the domestic waterways. The boom in the steel and chemical industries and increased coal production, however, boosted railway freight traffic.

# Strauss flies to Romania

BY JONATHAN CARR IN BONN

AMID SIGNS that West German relations with the Soviet Union and its allies are cooling, Herr Franz Josef Strauss, the opposition leader, has flown to Romania on an official visit.

Herr Strauss is understood to have inquired whether the Romanians might want to postpone his trip following the Soviet intervention in Afghanistan. But Bucharest believed the three-day visit should go ahead as planned—a decision which underscores Romania's determination to follow its own policy course in relations with the west.

Herr Strauss has been outspoken in his condemnation of the Soviet action in Afghanistan. But he has also been careful not to shut the door to all talks with eastern european countries.

Other visits for which dates had already been firmly set are now being indefinitely postponed. It was disclosed yesterday that Herr Herbert Kremberg, the Labour Minister would not be making a visit to Moscow planned for early next month.

# Portugal plans to cut state sector costs

By Jimmy Burns in Lisbon

PORTUGAL'S centre-right Government has announced a major austerity drive to cut costs in the country's civil service and loss-making state companies.

Government departments and nationalised companies have been given 30 days to draw up plans to reduce expenditure. Their reports will be used as a guideline for the 1980 budget expected by the end of March.

The number of Portuguese civil servants stands at around 380,000, approximately 10 per cent of the labour force, and wage costs have had a major effect on the growth of Government spending.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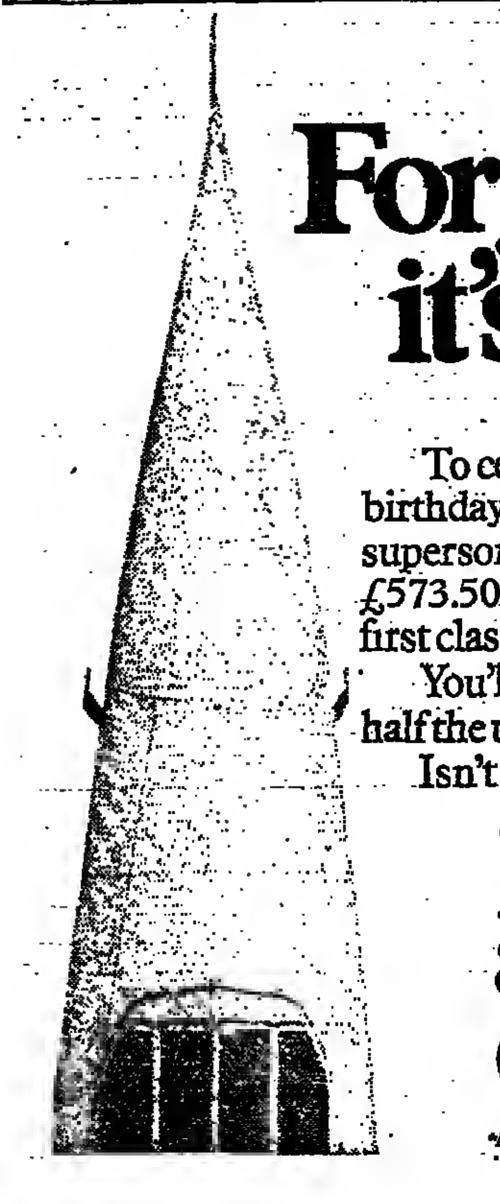

Paul Betts in Rome looks at Italy's 10-year energy programme

# Putting a brake on power from oil

ITALY HAS drawn up a 10-year energy plan aimed at guaranteeing sufficient electricity supplies through the construction of a series of nuclear, hydro-electric, thermal, turbogas and geothermal plants, and averting the threat of a major energy black-out towards the end of the 1980s.

If approved the programme will enable the state electricity utility, Enel, nearly to double its present annual electricity capacity of 40,000 MWe to 75,000 MWe in 1990.

During the first five years, Enel would invest L20,800bn (£11bn) in five new twin-reactor nuclear power stations with an overall capacity of 10,000 MWe, a series of coal-fired stations with a total capacity of 13,500 MWe, hydro-electric plants of 1,800 MWe, turbogas stations of 1,130 MWe and geothermal plants of 100 MWe.

The main target, coupled with substitution of coal for fuel oil in other thermoelectric plants, is to reduce the proportion of oil converted into electricity from about 70 per cent of all primary sources last year to 42 per cent in 1990.

The Government has already approved by decree law the immediate construction of three new coal-fired plants consisting of four 660 MWe groups each, to be sited at Taranto and Gioia Tauro in the south and at Pavia in the north.

At a major three day conference on nuclear safety in Venice at the weekend, the Government made a determined effort to get round the highly vocal, anti-nuclear lobbies and win consensus for the nuclear part of Enel's ten-year programme.

But the main political parties and the unions remain split over the latest nuclear programme. During the past decade, attempts by successive Governments to introduce a series of nuclear plans have been blocked repeatedly.

However, despite a threatened national referendum on the issue by the small Radical party and calls for further consultations by the left-wing parties and unions, the Government appears intent to press ahead.

Sig. Antonio Bisaglia, the Industry Minister, warned that

**The country has been handicapped by a seemingly endless capacity for arguing about nuclear energy without doing anything about it. But government officials warn that if the long-term energy programme does not take shape, Italy will fall further behind its European partners.**

Italy could no longer afford a day-to-day approach towards long term energy problems: "It is not a question of drawing up plans. We have plenty of those. It is now a question of finally implementing the nuclear programme," he said.

Italy appears to have resolved its immediate energy problems by reducing its estimated 25m tonnes shortfall in oil supplies this year to about 8m tonnes. This follows the Government's recent decision to ease price control on oil products to enable the country to compete properly for supplies of crude.

Sig. Bisaglia indicated at Venice that since these measures had been introduced, the main international oil companies were returning to the Italian market. Overall oil consumption this year was estimated at 103.5m tonnes and some 95.5m tonnes of supplies were guaranteed.

In the longer term, Italy was forced to seek a wider diversification of primary energy sources, Sig. Bisaglia said. At the end of last year, 6m Kwh had had to be imported to cover domestic energy demand at a time when energy consumption was rising by more than 5 per cent a year.

With hydroelectric and geothermal primary sources nearly fully exploited, Italy had to turn to coal and nuclear power, he said. In the case of coal, Enel's annual coal consumption is expected to increase from 600,000 tonnes to 5m tonnes over the next five years.

As for nuclear energy, the Government is proposing to build five twin reactor plants with an overall capacity of 2,000 MWe to be built in Piedmont, Lombardy, Friuli-Venezia, Giulia, Molise and Apulia.

Italy currently has three small nuclear plants built in the 1960s with a total capacity of barely 600 MWe. A second generation plant at Caorso, near Milan, with a capacity of 850 MWe has had serious start-up difficulties and has not yet functioned at full capacity.

The only real accomplishment so far has been the start of construction work on Enel's twin boiling water reactor plant at Montalto di Castro, north of Roma, which is to have a total capacity of 2,000 MWe.

If the five new nuclear stations are given the go-ahead, Italy will be able to increase its overall nuclear capacity in the 1980s to 13,450 MWe.

The Government has also pressed Italy's two major nuclear suppliers—the state-owned Finmeccanica group and the Turin-based Fiat Conglomerate—to rationalise and co-ordinate their production activities by the end of March for the construction of the new nuclear plants.

At present, the Finmeccanica nuclear subsidiaries—Ansaldo and Breda Termomeccanica—have a General Electric BWR licence, while Fiat has a licence for a Westinghouse pressurised water reactor. The Westinghouse manufacturing licence is shared by Breda and Fiat following an earlier reorganisation of the industry two years ago.

Although both the Caorso and Montalto di Castro plants are based on the General Electric design, the Government appears to favour the Westinghouse system for the five new plants.

Negotiations are well advanced between Fiat and Finmeccanica to set up a joint company to build the new nuclear plants. The company is expected to be controlled by Finmeccanica whose manufacturing activities in nuclear sector are substantially larger than Fiat's.

Senior Italian energy industry officials, however, do not expect negotiations to be completed until the companies were satisfied that Italy was really serious in its intention to go ahead with its long overdue nuclear programme.

In the past, the country has been handicapped by an apparent endless capacity for arguing about nuclear energy without doing anything about it.

# Sakharov 'ready to stand trial'

By David Satter in Moscow

IN HIS first statement from exile, Dr. Andrei Sakharov, the Nobel Peace Prize winner, yesterday denounced his banishment as an attempt by the Soviet authorities to "free their hands" for internal repression and foreign adventures.

Dr. Sakharov rejected the statement by Soviet representatives that he faces no criminal prosecution. He said that he had no desire to live in a "golden cage" and was ready to stand trial before an open and public court to answer any charges against him.

In his statement, which was brought to Moscow yesterday by his wife, Yelena Bonner, Dr. Sakharov also described the extraordinary conditions of his exile, which appear to have no precedent in the post-Stalin era.

Although the Sakharovs found a fully furnished flat awaiting them last Tuesday when they arrived in Gorky, Dr. Sakharov's place of exile, Dr. Sakharov has been forbidden to see or communicate with any foreigner including his stepchildren and grandchildren, who now live in the U.S. The right to communicate with relatives abroad is granted even to prisoners.

Residents of Gorky who came to the Sakharov flat after the address was broadcast by foreign radio stations were seized on leaving and taken to the local police station, which is directly across the street. There they were threatened with loss of their jobs and warned not to visit the Sakharovs again.

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# China negotiates more loans from foreign banks

BY TONY WALKER IN PEKING

NEGOTIATIONS WITH foreign banks for another series of loans are well under way, according to Mr. Bu Ming, president of the Bank of China.

Mr. Bu said the loans were short to medium term, including buyers' credit and development loans.

The bank president gave no details of the amounts being sought or China's existing loan commitments. But he said the amount of loans made and repaid last year was a record.

The Bank of China bad lent money for projects which would bring a quick return, he sald. They included light industries and textiles and maritime transport. Funds had also been released for developing energy resources.

China has not provided full details of its overseas loan commitments. However, China is estimated to have negotiated loans worth more than \$30bn.

These include \$25bn in medium to long-term loans from the U.S., Australia and some European countries, and \$6bn in short-term loans from Japan.

The authorities are also trying to stop a black market trade in foreign currency, particularly in Canton, and have prohibited the circulation of foreign currency within China.

An order issued at the weekend prohibits foreign currency being taken by businesses, except those shops approved by the authorities in hotels which serve exclusively foreign guests.

**AP adds from Tokyo:** China has put into operation an oil field prodncing 5m tons a year (100,000 barrels a day) and 1.7bn cubic metres of gas a year in the north-eastern province of Liaoning, according to the official Xinhua news agancy yesterday.

The Liaohe field cover a large area of Bobei Bay, and has eight oil producing areas with 1,800 wells and 160 stations for gathering, transporting and measuring oil and gas.

The crude contains mostly light oil, and is low in sulphur, the agency said. Construction of the oil field began in 1970, but was interrupted by a 1975 earthquake.

The Peking Government announced last month that crude oil production rose by 1.9 per cent in 1980 to 106.1m tons

China bond talks, Page 23

# Deng protege may take top position in party

BY OUR PEKING CORRESPONDENT

MR. ZHAO ZIYANG, a protege of Mr. Deng Xiaoping, the Vice Premier, is to be promoted to a top party position.

Mr. Zhao, first party secretary of Sichuan province, is said to be on the verge of appointment as one of several new vice-premiers. There is even speculation he may be appointed a senior vice-premier in a general shake-up of the leadership.

Mr. Zhao was elected a mamber of the Politburo in 1977. Appointment as a vice-premier in a reconstituted leadership would mark a solid rise through party ranks for Mr. Zhao who is in his early sixties. It would also add another supporter of Mr. Deng to China's top leadership. Like Mr. Deng, Mr. Zhao was purged during the cultural revolution.

Mr. Zhao was appointed first party secretary of Sichuan in 1975, and is said to have brought stability and economic prosperity to the troubled province, now regarded as a model of economic development.

The Sichuan party secretary is regarded as one of the bright "young" men of the Chinese Communist Party.

Mr. Zhao's election as vice-premier, expected to be confirmed at a national party congress later this year, would put him in a position to succeed the 76-year-old Mr. Deng, who is said to bave been hinting that he may retire in the next two or three years.

Western analysts see Mr. Zhao's promotion as a further indication that the moderates are strengthening their position.

# Namibia talks expected to resume

By Quentin Peel in Johannesburg

MORE TALKS between South Africa and the UN aimed at a peaceful settlement of the guerrilla war in Namibia (Sonth West Africa) are expected ta take place in Cape Town on February 23.

Reports in Windhoek, the Namibian capital, said tha UN delegation would be led by Mr. Brian Urquhart and Mr. Abdulrahim Farah, both essistant secretaries-general of the UN, and Mr. Martti Ahtisaari, the special UN representative for Namibia.

Tha meeting would follow a visit to Namibia and to the neighbouring states of Angola, Zambia and Botswana by a UN military mission headed by Gen. Prem Chand, the commander of the proposed UN peacekeeping force in the territory.

The top-level UN mission is aimed at breaking tha stalemate in the Western-initiated negotiations for a Namibian aettlement, bogged down over the issue of a demilitarised zone along the border with Angola.

Gen. Chand's mission will be to discuss technical details of the zone with the South African military command in Windhoek before the Cape Town talks.

The South African Government bas argued that the demilitarised zone proposal is not an adequate alternative to monitoring SWAPO guerrilla bases in Angola and Zambia.

There was no official confirmation of tha talks in Cape Town yesterday, but a Windhoek botel confirmed that a booking for Gen. Chand and nine members of bis staff had been made from February 10-12.

● The Johannesburg stock market fell yesterday, in what brokers said was largely an international response to the guerrilla raid on a Pretoria bank last week, in which five people died. Just before the close, 40 gold shares bad fallen from their Friday levels, and only three were up.

Comment on the raid in the South African Press has generally praised the tough action of the police

# Iran cancels licences of U.S. banks

BY SIMON HENDERSON IN TEHRAN

THE IRANIAN Central Bank has notified all U.S. banks operating in Iran, telling tbem their licences bave been cancelled.

The move reduces to a minimal amount U.S. economic relations with Iran. Tbe banks—all only representative offices—had evacuated their U.S. staff when the Embassy hostage crisis began in November, and since then have heen bandling only letters of credit, apart from recovering previnus debts. Trading of U.S. companies has already baen reduced to almost nothing because of political feeling in the U.S. and President Jimmy Carter's freezing of Iranian assets.

The decision, coinciding with tha election as President of Mr. Abol Hassan Bani-Sadr, the Finance Minister, can be seen as part of his independent nationalist policy to cut links with the U.S. completely. Mr. Alireza Nowbari, the governor of the Central Bank, is a close friend of Mr. Rani-Sadr.

The banks affected include Bank of America, Cbase Manhattan, Chemical Bank, Citibank, First National Bank of Boston, Irving Trust Company, Manufacturers Hanover Trust, Marine Midlaod and Philadelphia National Bank. Their departure from Iran strengthens the position of the European and Japanese banks there, most of whicb have kept open their Tehrao offices in the charge of Iranian nationals.

Further policy initiatives by Mr. Bani-Sadr may take some time. He does not formally become President until after elections for a General Assembly some time in the next six weeks.

He has already fallen foul of the Moslem students loyal to Ayatollah Khomeini who hold the 50 U.S. diplomats hostage in their Embassy. In a gesture seen as bringing a small ray of hope for a resolution of the crisis which, despite his anti-Americanism, be is seen as wanting solved, Mr. Bani-Sadr criticised the studeots in a television interview on Sunday night. He attacked their condemnation of Iran's participation at this week's Islamic Foreign Ministers' conference in Islamabad. He said if Iran has two governments, one the students and the othar the Revolutionary Council, then this condition ls unacceptable.

But the students yesterday said that, altbough they recognised the popular support whicb bad given Mr. Bani-Sadr victory, they still reserved the right to say what they wanted.

Iran'a 79-year-old leader, Ayatollah Khomeini, is now recovering from his heart complaint, and was able yesterday to leave his bed and meet pbotographers.

On domestic policy, while admitting some measures would have to wait until an assembly was aet up, Mr. Bani-Sadr said on Sunday his priorities would be measures to deal with high prices, to give land to farmers, and reduce unemployment.

Renter adds from Tehran: Mr. Bani-Sadr won a massive 75.7 per cent of the vote in Iran's first presidential election last Friday, according to official final results published by the Interior Ministry yesterday.

However, the turnout was mucb lower than had been predicted.

The figures sbowed Mr. Bani-Sadr had won 10,709,330 votes, out of a total poll of 14,146,632.

The turnout was roughly 2m down from last month's referendum on the Islamic constitution, about 64 per cent of the total.

Mr. Bani-Sadr's main rival, Admiral Ahmad Madani, won 2.24,54 votes, or about 14.6 per ceot of tbe poll.

# ZANU detainees go back to Rhodesia

BY BRIDGET BLOOM AND MARK WEBSTER IN SALISBURY

SOME 62 Rhodesian black nationalists who had been detained in Mozambiqne returned to Salisbury yesterday afternoon in an RAF Hercules aircraft of the Commonwealtb monitoring force. They were met at the airport by representatives of several nationalist parties, most of them apparently supporters of Bishop Muzorewa's United African National Council.

Bishop Abel Muzorewa

The detainees had been held in Mozambiqne by Mr. Robert Mugabe's ZANU-PF—and three of those flown in were members of the central committee of Mr. Mugabe's party. They were Mr. Rugare Gnmbo (formerly Director of Information), Mr. Henry Hamadziripi and Mr. Mukudzi Mudzi. All three men bave been nominated as candidates for the general election next month for the Karanga-based Zimbabwe National Front (ZNF).

The 62 detainees included two women. Seven detainees stayed bebind in Mozambique and two are flying directly to London.

It is thougbt that the majority of the detainees were members of ZIPA (Zimbabwe People'a Army)—the so-called Third Force established in 1974-75 on the suggestion of President Nyerere of Tanzania and owing allegiance to neither Mr. Mugabe's forces nor Mr. Nkomo's ZIPRA army.

Thay were detained because they disagreed with the ZANLA leadersbip in 1976 at the time of the Geneva constitutional conference.

All the former detainees are to be allowed to contest the elections, even though the legal time limit for registration has expired.

Lord Soames, the Governor, will tomorrow publisb an ordinance making it possible for former detainees to stand for parliament under the aegis of any of the existing nine political parties. They will not, however, be able to form new parties.

# Tunisia raid blamed on migrants

By Our Foreign Staff

TUNISIAN Interior Ministry officials yesterday said that the raiders wbo attacked the town of Gafsa in the middle of the country, nearly 200 miles sonth-west of the capital, Tunis, were Tunisian migrant workers living in Libya.

The attack took place early on Sunday, the second anniversary of bloody riots dnring a general strike which represented a major struggle in Tunisia's political leadership. The official Tunisian news agency, TAP, said the raiders had crossed the horder from Algeria to carry out the attack. About 20 people were killed.

Mr. Amor Fezzani, Tunisia's Ambassador to Libya, was summoned to the Algerian foreign Ministry after TAP'a reference to the border crossing.

Libya has been known for some time to have been involved in Tunisia's internal affairs.

● In Morocco, more than 100 Polisario guerrillas were killed in an attack on the sonth-east town of Akka last Friday, officiala claimed yesterday in Rabat.

Nine Moroccan troops were killed and 23 wounded during the battle. Some 14 civilians were reported killed and 14 others wounded.

# Soviets seek closer links with Syria

BY IHSAN HIJAZI IN BEIRUT

THE SOVIET UNION has informed Syria it intends to play a bigger role in supporting hardline Arab countries and the Palestine Liberation Organisation in opposing the Middle East peace settlement.

Arab diplomats said this was the substance of a message conveyed by Mr. Andrei Gromyko, the Soviet Foreign Minister, to Syrian leaders during his current visit to Damascus.

Mr. Gromyko, who began a three-day visit on Sunday, has met his Syrian counterpart, Mr. Abdel Halim Khaddam, and is to meet President Hafez Assad, and PLO chairman Mr. Yasir Arafat during his stay.

The Soviet Foreign Minister emphasised in a speech on Sunday that his country will belp Syria and the Palestinians by every possible means to end Israeli occupation of Arab territory and in recovering Palestinian rights.

He said Syrian-Soviet relations and co-operation will be raised to a higher level, but did not elaborate.

King Khaled of Saudi Arabia was unsuccessful in efforts to persuade Syria to attend the Islamic conference in Islamabad wben he and President Assad held two days of talks in Riyadh over the weekend.

Outside Marxist South Yemen, Syria is emerging as the Soviet Union's main ally in the Arab World, but observers have discounted the possibility of Syria concluding a treaty of friendship and co-operation with the USSR. President Assad has thus far steered clear of sucb treaties.

Reuter adds from Jerusalem: Mr. Menacbem Begin, Prime Minister of Israel, said his country did not intend to attack Syria, despite reports of a growing Syrian presence in Lebanon.

"Israel never intended to attack Syria, nor bas it considered launching an offensive against Syria," Mr. Begin said yesterday.

In Mogadisbu, capital of Somalia, Western diplomats said U.S. military tecbnicians have closely examined air and naval facilities in Kenya, Somalia and Oman which might be used as a speedy counter to any Soviet threat in the atrategic Horn nf Africa region.

The facilities which came under scrutiny were at Kenya's main port of Mombasa, the Somali port of Berbera and Oman's Masira Island.

The study was a follow-up to a visit to the three countries last month by officials from the U.S. State and Defence Departments.

Tbe diplomats said the technical teams would advise their government on what they felt needed to ba done to adapt the facilities now available.

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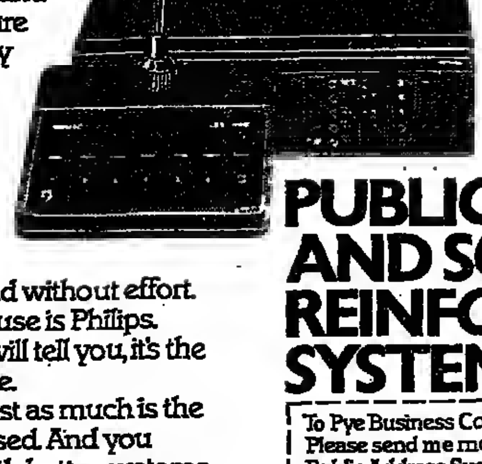

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# WORLD TRADE NEWS

## Turkey moves to repay $1.9bn suppliers' credit

BY METIN MUNIR IN ANKARA

THE TURKISH Government bas announced details of a programme to tackle nearly $1.9bn of arrears on unguaranteed suppliers' credits. These arrears have risen on nearly 100,000 exports to Turkey on the basis of cash against goods or cash against documents.

Some of the arrears have been outstanding for more than three years, but Turkey could not settle them because of its foreign exchange crisis. Arrears to suppliers who had taken out cover with their national export insurance agencies have been restructured under two agreements reached with the Organisation for Economic Co-operation and Development. With steps now being taken to handle $300m of third party liability claims, the unguaranteed arrears remained the last major category of Turkish debt to be tackled.

Mr. Suleyman Demirel, the Turkish Prime Minister, yesterday said that claimants involved in 98,000 traosactions would benefit from tbe programme.

"It is a matter of bonour" for Turkey to liquidate this debt, he said.

He is offering two options, which in an earlier, slightly more generous form, bave already received the indirect blessiog of the foreign hanking community which assisted Turkey in drawing up its restructuring programme.

The first option is for creditors to elect to take payment of the outstanding obligation in Turkish liras. The liras could be used for touristic trips to Turkey, investmeot io tourism and chartering Turkish vessels. Creditors can also use the Turkish liras to buy into Turkish companies, make new investments or open credits to their local importers.

Repayment in liras for sums under $10,000 will be made in three equal two-monthly instalments. Sums over this will he settled in 12 equal two-monthly iostalments.

The second option is for creditors to take payment io foreign currency.

Repayment, bowever, will be over 10 years with the first instalment being paid ln 54 mooths. Payment will be every six months, the first eight instalments each being of 7.5 per cent of the debt and the remainder of 10 per cent each. Payment will be made in U.S. dollars only and the interest rate will be "no more than 7 per cent." Companies involved will bave to make a choice by the end of April, 1980, and are free to choose different options for each of their outstanding claims.

Repayment in foreign currency will be made by Turkish banks. Banks are to ask suppliers who opt for payment in foreign currency to provide documentation proving that they have not been paid. This is because the Government believes that some of the outstanding $1.9bn debt has been settled under the counter by Turkish importers with black market foreign currency. According to some estimates, as much as $1.1bn have been settled in this way.

If the programme is successful, it will remove a major grievance among Turkey's suppliers and one which bas been detrimental to the country's credit-worthiness.

Our foreign staff adds: A similar programme for the unguaranteed suppliers' credits was attached to the agreement for the $407m loan with a syndicate of banks last July. That foresaw foreign currency repayments to start after three years and be completed in seven, compared with the 54-month grace period and 10-year term outlined in the present programme.

A further difference is that repayment is to be in U.S. dollars instead of the original currency of the transaction, as had been proposed in July. Snppliers say they are relieved to see some action in this field, but add that before reacting, they wish to know whether their claims will be negotiable and what exchange rates will be used.

## India and France sign pacts

BY K. K. SHARMA IN NEW DELHI

AGREEMENTS in seveo key areas were signed between India and France yesterday at the end of President Giscard d'Estaing's talks here with Mrs. Indira Gandhi. These place France among the major countries helping in India's industrialisation.

The most important of the agreements are those on alumina and coal. On the first, France will help to establish a 700,000-tonne alumioa plant in Orissa State, where the recent bauxite finds along the eastern coast will be mined and processed for use in France.

On the second, France will help India to improve coal mining technology to increase production and also import substantial quantities. India will thus partly replace France's traditional suppliers of coal.

Other agreements relate to chemicals and fertilisers industries and transfer of technology while talks have been held on oil exploration. A protocol on this is expected to be signed in due course. Talks were also held on a shore-based steel plant but no agreement has heen reached.

According to M. Jean Francois-Poncet, French Minister of Foreign Affairs, no talks were held on ouclear energy or defence. But be told reporters be did not rule out agreements in these fields. India and France already have an agreement on nuclear energy, but this is limited in scope.

President Giscard, who was the chief guest during India's Republic Day celebrations on Saturday, is bere on a week's state visit, the first by the head of state since Mrs. Gandhi became Prime Minister a fortnight ago.

His visit was arranged by the previous Janata Government, and the French President bas been given an unusually warm welcome to signify the close relations between the two countries.

## Poland to import cars from Japan

By Christopher Bobinski in Warsaw

MOTOIMPEX, the new Polish foreign trade enterprise, is to import 1,250 Japanese cars—Toyota Corollas and Toyo Kogyo Mazdas. This is the first time that Japanese cars have been imported into Poland on any significant scale.

Motoimpex was set up at the beginning of this year specifically to sell foreign made cars, spare parts and accessories to Poles for hard currency. The company is headed by Mr. Andrzej Jaroszewicz, a rally driver and the son of the Prime Minister, Mr. Piotr Jaroszewicz.

The 750 Toyota Corollas and 500 Mazdas are to go on sale next month priced at $5,000 (£2,212) and $4,500 (£1,991) respectively. Until now Western cars bave been sold through the Pewex chain of hard currency stores with sales last year around the 500 mark. Private bard currency boldings in accounts at the Polish PKO Bank are now approaching $500m.

Domestic passenger car production this year is planned to be around 350,000 units, mainly the Polisb-made Fiat 126 and 125 models. The need to maximise hard currency exports means that deliveries to the bome market in 1980 will be under 200,000 units and a substantial proportion of these will be sold for hard currency. A 650 cc Polisb 126 Fiat now costs $1,620 in Poland and a 1,500 cc 125 Polish Fiat retails at $2,500. Soaring prices on the second hand car market reflect the high domestic demand.

● Czechoslovakia and the Soviet Union bave signed a contract for deliveries of Soviet oil and oil products whicb was described as the biggest ln the history of their trade relations, Reuter reports from Prague.

The contract stipulated deliveries of 19.2m tonnes of oil and oil products to Czechoslovakia for the current year at a cost of 1.12bn roubles (£788.7m), according to the Ceteka News Agency.

The Soviet Union covers about 90 per cent of Czechoslovakia's oil consumption needs. The remainder has to be bought from Iraq, Libya and Algeria at world prices in bard currency.

## Gulf states plan $8bn arms industry

BY OUR FOREIGN STAFF

THE COUNTRIES of the Gulf area are planning to replace the Cairo-based Arab Organisation for Industrialisation (AOI) with an $8bn arms industry in the next few months, the Kuwaiti daily al-Siyasa reported yesterday.

The AOI was discovered last year because of Egypt's peace treaty with Israel. Its capital of $1.04bn was put np by Saudi Arabia, Qatar and the United Arab Emirates (UAE), but the manpower and military factories were to be provided by Egypt. Al-Siyasa said that the new organisation would aim to prodnce French Mirage-3 jet fighters and anti-aircraft Crotale missile systems. M. Valery Giscard d'Estaing, the French President, is to discuss details of this plan with Gnlf leaders when he visits the area in March.

The desire to set up an arms industry in the Gulf has undoobtedly been speeded up by the overthrow of the Shah and the Soviet invasion of Afghanistan.

According to the newspaper report, Iraq, the most militarily sophisticated power in the area, is willing to take part. Nevertheless, although finance is no problem, even Egypt, which of the Arab countries has the most advanced arms industry, when the AOI was in existence was not contemplating building the Mirage-3, or Crotale, but more to start with the assembly of the Alpha-Jet advanced trainer and the British-made Swingfire missiles.

If this new organisation is to have any credibility, its initial activities will have to be assembly work.

● Terry Dodsworth adds from Paris: Both Dassault and the French authorities refused to comment on the reports yesterday. The Ministry of Defence said that it was not official policy to reveal details of arms contracts. It was entirely in the hands of the countries buying equipment from France to give out information, it added.

## Electronic mail boom forecast

BY GUY DE JONQUIERES

WESTERN EUROPE and North America are on the thresbold of a major increase in the use of electronic mail systems. The systems are set to capture a growing share of the market traditionally served by letter mail, according to a new study.

The study, by Mackintosh International and Communications Studies and Planning, forecasts that the volume of electronic mail traffic in Western Europe will rise from less than 600,000 items or messages a day in 1978 to almost 19m in 1987.

By then, electronic mail will be carrying the equivalent of 5 per cent of conventional letter mail and 10 per cent of primary bnsiness-to-business mail, and its traffic volume will still be growing at an annual rate of 27 per cent.

This growth is expected to lead to a sharp rise in demand for terminals equipped to send and receive mail electronically. The study forecasts that the total number of installed terminals, exclnding telex and private wire printers, will rise to almost 800,000 by 1987 from less than 40,000 in 1978.

The annual value of terminal sales in Western Europe, not allowing for inflation, is likely to exceed $1bn by 1987, or more than 12 times the level in 1978. By 1982 it will already have reached $400m a year.

Initially, the strongest demand will be for terminals capable of bandling text only, and equipped to deal with enhanced telex and communicating word processing. These are expected to account for 55 per cent of installed terminals in 1987.

But by then the study expects their growth to have been overtaken by that of combined text and graphics terminals, whose introduction the anthors believe will be the most dramatic innovation to take place in electronic mail technology during the 1980s.

Broadly similar trends are foreseen for North America, though a less rapid growth in the number of installed terminals is expected in the U.S., where 200,000 were already in nse in 1978. More than 1.1m are expected to be in operation by 1987, when the annual value of shipments will be about $1.6bn.

Over the period, electronic mail traffic is forecast to rise to 26.2m items a day in the U.S. and Canada from 2.8m in 1978. By 1987 it will equal 5 per cent of conventional letter mail and 20 per cent of primary business-to-business mail.

## Davy company wins S. African steel contract

Financial Times Reporter

LOEWY ROBERTSON, a Davy company, has won an £18.7m order for a new turnkey stainless steel plant for the Southern Cross steel plant of Middelburg Steel and Alloys, at Middelburg in the Transvaal, 120 miles north-east of Johannesburg.

This is the biggest order ever won by Loewy Robertson and covers the design, supply, erection and commissioning of a major cold mill complex, which is scheduled to commence operation in September 1981.

A large proportion of the mechanical equipment required will be made in South Africa under a manufacturing programme which will be organised by a team of Loewy Robertson engineers based in Johannesburg.

## £10m UK aid loan to Zambia

BY OUR FOREIGN STAFF

BRITAIN HAS made available to the Zambian Government an aid loan worth £10m for agricultural development projects. The money will be spent on goods and services from Britain.

An integrated rural development scheme, the first to be financed from this loan, bas been identified in the north east of the country, and is likely to cost about £3m. The loan must be repaid over 25 years with a seven-year grace period. Interest bas been set at 2 per cent.

The £10m loan takea the total British bilateral aid to Zambia since 1976 to over £44m, most of its programme aid for the purchase of essential British imports.

A second rural development programme — in Nepal — has recently been earmarked for British grant aid totalling £5.7m. It is intended to help more than 500,000 of Nepal's poorest people, living in the remote Kosi Hills area in the east of the country. The programme involves improving land use, developing cottage industries, and extending power and water supplies.

The area must first of all be opened up, and British contractors are at present building a road into the area, in a project costing £15.4m.

● Our Rangoon Correspondent adds: Britain has agreed to extend to Burma a £3.1m grant to help partly finance Burma's fisberies development project.

Notes for the grant were exchanged in Rangoon yesterday by Dr. Maung Shein, Burmese Planning and Finance Deputy Minister and Mr. C. L. Booth, British Ambassador to Burma.

## Mexican trade gap widens

By William Chislett in Mexico City

MEXICO'S TRADE deficit in 1979 at $3.3bn was 50 per cent larger than in 1978, according to preliminary figures published by the Planning Ministry.

The deficit, which is considerably higher than forecast, emphasises the awkward position in which Mexico now finds itself—the economy is expanding very quickly with imports np by 44 per cent but oil, and more particularly non-oil exports, cannot yet compensate for this import upsurge.

Imports totalled $8.5bn and exports $11.8bn. Oil exports at $3.7bn were up 113 per cent on 1978.



His banker must be the same.

Vinicius Ferraz Machado, Financial Director of CAEMI International S.A.

Robert M. Londono, Vice President, Chemical Bank.
Photographed at the shipping terminal of CAEMI's subsidiary
Minerações Brasileiras Raunidas S.A.

In Brazil, CAEMI stands for Companhia Auxiliar de Empresas de Mineraçao. In the rest of the world, it stands for a worldwide organization with financial interests in five major areas—mining and exploration, raw materials for the steel industry, chartering, general commodities, and food products.

In a company that is diverse and far-flung, Finance Director Vinicius Ferraz Machado must try to be everywhere at once attending the money needs of many subsidiaries in many currencies. Fortunately, he can turn for help to a man who can put him in touch with the world. His Chemical banker, Bob Londono.

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**Jurek Martin** and **David Buchan** in Washington assess President Carter's new spending plans

# Deficit provokes defensive stance

THERE WAS just a hint of defensiveness about President Jimmy Carter's economic team as details of the federal budget for the 1981 fiscal year, beginning in October, were unveiled at the weekend. Mr. James MacIntyre, the usualy anonymous director of the Office of Management and Budget, observed defiantly that "this deficit is the price of honesty," almost as though someone had accused him of cooking the books, while even Mr. Charles Schultze, chairman of the Council of Economic Advisers and a humorous man, noted that he was indeed paid to forecast the economy — and was still paid even if he got it wrong.

This ought not to be too surprising: after all, a year ago the same team, except that Mr. Miller has since replaced Mr. Blumenthal at the Treasury, was forecasting a 7.4 per cent increase in consumer prices in 1979 (it turned out to be 13.3 per cent).

Economic growth was also overestimated from fourth quarter 1978 to fourth quarter 1979 (it amounted to 0.8 per cent) and, erring on the other side, unemployment of 6.2 per cent (it is still under 6 per cent and barely moved all year). Just about every private economist got it all wrong as well, but fallibility tends to be more noticeable in the public sector.

Thus, even without the vast international economic uncertainties prevalent today, some scepticism has to be attached to the forecasts and targets laid out in the budget. In the current fiscal year, the documents disclosed, the federal budget is running in deficit to the tune of nearly $40bn, not the $33bn projection of last autumn and not the $29bn estimated shortfall of a year ago. New energy programmes, the cost of retaliating for the Soviet invasion of Afghanistan and inflation have all combined to render last year's forecasts a third too low.

Looking ahead to fiscal 1981, given a flat or slightly declining economy, the intention to spend an extra $15bn in real terms on defence and energy, and double-digit inflation's impact on the "uncontrollable" elements of the budget, it is reasonable to ask how it will be possible to reduce the budget deficit to $15.8bn.

This figure looks impressive —60 per cent below that of fiscal 1980, $50bn less than when Mr. Carter took office — the lowest since 1974. Moreover, it comes combined with a public admission that if economic forecasts turn out to be erroneous and if, by some chance, unemployment were to remain at current levels, then a surplus of something like $15bn would be achieved.

But the only way that the deficit is to be reduced is through inflation, pushing taxpayers into higher brackets and thereby increasing receipts, and by lumping the initial proceeds from the oil windfall profits tax ($6.2bn in 1980 and $14.4bn in 1981) on to the revenue side without making provision for the offsetting spending the Administration has promised.

It must also be pointed out that this is an election-year budget. By any traditional yardstick, it is unheard of for an incumbent Democratic president to propose a budget that contains virtually no real extra spending to meet domestic needs: even the new revenue sharing and youth employment schemes are both designed to replace expiring programmes.

For a Democratic government official to outline with pride, as Mr. Schultze did over the weekend, that, under President Carter, real Federal spending had only risen by 1.3 per cent a year, compared with 3.1 per cent per annum in the first six Republican years of the 1970s and 3.9 per cent a year throughout the 1960s, is to appreciate the extent of the national conversion to relative economic austerity.

Even so, Mr. Carter's budget is likely to draw fire from both left and right. The Liberal case is obvious and may grow in intensity if the economy deteriorates more than expected and the administration does not respond with a tax cut.

# Defence boosted to counter Soviet threat

THE Gulf and the Indian Ocean are "about as distant from the U.S." as any spot on the globe, Mr. Harold Brown, the Defence Secretary, said when he unveiled the country's defence budget—a budget aimed at buttressing President Carter's commitment to defend Western oil interests there.

Speedier air reinforcement, more ships, and greater "war readiness" figure high in the Administration's latest $158.7bn defence package. The budget increases are intended to keep the Russians at bay in Europe and elsewhere—and, the Pentagon says, to ensure both that "our ability to come quickly to the aid of friends and allies around the globe will be clear and impressive," and that the U.S. Navy remains "the most powerful on the seas."

Defence is one of only two major sectors (energy is the other) where the Carter Administration is proposing a budget increase, from $139.3bn in the current year to $158.7bn in the year starting October 1, 1980.

But this figure, a real 5.4 per cent increase after inflation, covers funding for some big projects over several years. As is always the case when military expenditure is on the rise, actual outlays in the coming fiscal year will be less—$142.7bn, a more modest real increase of 3.3 per cent on defence spending this year.

In fact, Mr. Brown stressed the budget was "pre-Afghanistan." But inevitably it is viewed in the light of the Soviet invasion of that country, a threat to the Gulf oilfields of which Mr. Carter made much in last week's State of the Union address. All the major spending decisions, however, had been made before Christmas, and so before Soviet troops moved in.

The Defence Secretary said it had only been prudent to raise spending in view of the continued Soviet military build-up — the USSR now outspends the U.S. by 30 per cent — and of


its increased boldness in using military might for political ends.

The Carter Administration had sought in 1977-79 to redress the imbalance in Europe — beefing up conventional forces, cajoling allies to spend 3 per cent more in real terms a year and to modernise tactical nuclear arms, while proceeding with new strategic weapons such as cruise missiles. Last year, however, it was already clear that the time had come to turn to pressing problems outside the European theatre.

A pressing domestic factor the Defence Secretary omitted to mention was the Senate demand for an across-the-board defence increase as the price of passing the SALT 2 arms treaty. In fact, the Afghan crisis means the Senators have won their 5 per cent, while the Administration has had to shelve the SALT treaty for the rest of this year.

Mr. Brown sought to cool the "war fever" that has emerged in some quarters here and which he himself has done little to inflame. He stressed there was no need for the U.S. to move militarily any faster at the moment. Referring to the Gulf and South West Asian tensions, he said the prospect was "not of immediate conflict" with the Russians. This was why it was unnecessary at this stage to re-introduce the full-blown military draft — merely wise to register 18-26-year-olds, as President Carter proposed last week, to make any future call-up quicker.

At the same time Congress is unlikely to move any slower than the Administration's pace. Last year it lopped a mere $1bn off defence, and this year, with opinion polls pointing to a majority popular desire for more arms spending, the legislature will probably give the Administration what it wants, or, as can happen, more.

Of particular note in the new budget request are:

● A 13 per cent spending increase on weapons research and development, to try to catch up with Soviet numerical advantage in arms with technological superiority. Notable here is the mobile MX missile system — the new strategic deterrent of the late 1980s—up from $832m this year to $1.57bn next.

● Continuance of all the other big programmes, particularly costly on the nuclear side. Procurement of the Trident missile system will cost $900m (for the missile) plus $1.2bn (for the submarine) next year. In this context, Mr. Brown said the Administration would abide by the provisions of the still-unratified SALT pact, but warned that if the Soviets did not do likewise, the U.S. would step up its nuclear arms spending.

● More purchases of KC-10 tanker aircraft for in-flight refuelling, with research and development on a new long-haul, big-load cargo aircraft, the CX. The Gulf is obviously in mind here.

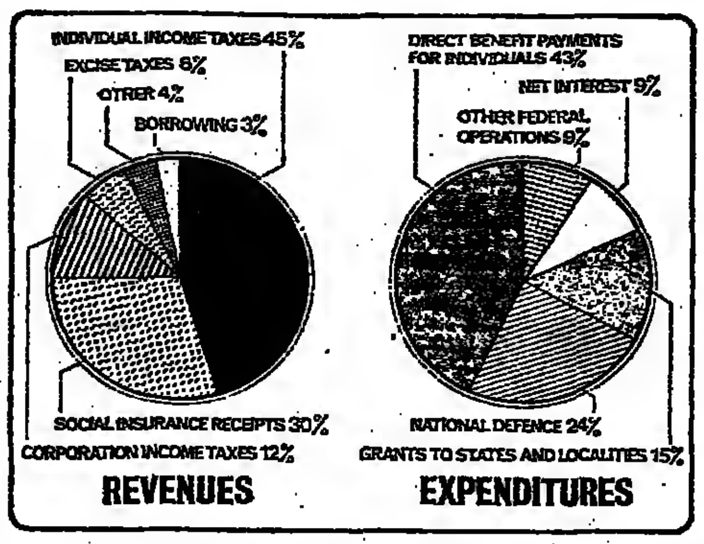
● Two new "maritime pre-positioning ships"—basically floating hulks with a lot of hardware aboard. This new class of ship might provide a fall-back if Washington does not secure the base facilities it is seeking from some countries around the Indian Ocean.

● Seventeen new ships—more than last year, though with less dollars because the current budget has $2bn for a nuclear carrier. The goal, Mr. Brown said, is 100 new ships over the next five years.

● A 25 per cent spending increase to stock up on spare parts, and more funds for training operations which Mr. Brown claimed had been neglected in the past. The U.S. had to ensure it did not have more weapons than it had the money to operate, the Defence Secretary said. Among the "marginal programmes" being pruned is the U.S. development of the British Harrier jump jet, for which there is now no money in the budget.

On the question of whether the U.S. could back up its Gulf commitment before these long-term programmes came to fruition Mr. Brown admitted that getting U.S. ships or sea-borne marines there would take about two weeks, while the Russians at least had ground troops much nearer.

However, he went on: "I would urge that no one underestimate our ability" to get forces out there in a matter of days—and added that in a conflict friendly countries would almost certainly give the U.S. use of air bases.




BUDGET FORECASTS

| | 1979 (actual) $bn | 1980 (est.) $bn | 1981 (est.) $bn | 1982 (est.) $bn | 1983 (est.) $bn |
|---|---|---|---|---|---|
| Receipts | 466 | 524 | 600 | 691 | 799 |
| Outlays | 494 | 564 | 616 | 686 | 774 |
| Surplus or deficit | −28 | −40 | −10 | +5 | +25 |

# Kennedy attacks Carter policy on Afghanistan

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

SENATOR Edward Kennedy yesterday proposed an immediate wage and price freeze and instant implementation of petrol rationing, in a major attempt to reverse his slumping political fortunes.

His far ranging speech, made at Georgetown University here, was probably one of the most important he has ever given in his political career. The senator, in effect, offered the nation the State of the Union message he thought President Carter should have given last week.

On foreign policy, he accused the President of exaggerating the risks the U.S. now faced from the Soviet invasion of Afghanistan. "Exaggeration and hyperbole are the enemies of sensible foreign policy," he said.

He called for the immediate creation of a United Nations Commission to examine Iranian grievances against the deposed Shah—though he said this body should not commence its work until the American hostages in Tehran had been released.

He also implied that the taking of the hostages was invited by President Carter in his decision to admit the Shah to the U.S. for medical reasons. He also implied that the Administration had been tardy in recognising that the Soviet Union was likely to invade Afghanistan.

The senator has been frustrated in his campaign for the Democratic Party's Presidential nomination by the consuming national interest in external affairs. But he argued that "there was no suspension of public debate" when Nazi Germany invaded Europe in 1940, also an American Presidential election year, even though that constituted a far more grave threat to peace than anything recently.

Yet the foreign policy prescription he outlined does not differ except in emphasis from the policies now being espoused by the Carter Administration.

On the domestic side, the Senator was much more specific. His aides claimed that an immediate wage and price freeze, which should also be applied to dividends, profits, interest rates and rents, could immediately bring down the annual increase in consumer prices from the current 13 per cent to about 5 per cent.

The implementation of petrol rationing could reduce petrol consumption by about 24 per cent, saving 1.7m barrels of imported oil a day.

Mr. Kennedy, as expected, was also adamantly opposed to the draft, which, he said, only amounted "to reams of computer printouts that would be a paper curtain against the Soviet Union." He went on, to warm applause from his student audience: "We should not be moving toward the brink of sending another generation of the young to die for the failure of the old in foreign policy."

As a speech it was well written, full of the sort of rhetorical phrases that President Carter's speech writers seldom deliver, and well spoken.

Whether it will revive his campaign is another matter, however. The latest polls now show Mr. Kennedy substantially behind President Carter in the New England states, his home territory, which are holding caucuses and primaries in February and March.

# Energy saving gets high priority

HIGHER public spending on synthetic fuel development, increased tax credits for companies and individuals to conserve power, and a switch in nuclear priorities are the main changes in the energy budget which President Carter presented to Congress yesterday.

Defence apart, energy is the only sector to come out well ahead of inflation in the new federal budget proposals. A rise in energy outlays is planned from $7.6bn to $8.1bn in 1980-81, plus an increase in overall energy tax credits to $8.6bn.

Announcing his department's budget, Mr. Charles Duncan, the Energy Secretary, said it assumed Congress would soon give final approval to the Administration's plans for an Energy Security Corporation to underpin synthetic fuel production, an Energy Mobilisation Board to speed up energy projects, and the new tax on oil company profits. Most of the tax's proceeds next year would, however, go to paring the overall federal deficit.

Most spending next year to increase energy supply—on alternatives like synthetic oil and gas from coal, solar generated electricity, and automobile fuel from grain alcohol—will only pay long-term dividends. Of more immediate impact on the U.S. energy picture may be conservation, for which the Government proposes paying $1.2bn directly and $739m in tax breaks.

The budget suggests the U.S. Government may return to the world oil market this year to buy more for its strategic petroleum reserve which, at a planned level of 750m barrels by the late 1980's, would help insulate the U.S. from future world oil crises, the Carter Administration believes.

Money in the new budget for such purchases is apparently based on the assumption that the U.S. Government could resume buying around 100,000 barrels a day from June 1980 onwards. But Mr. Duncan said this would only be done after consultations with other oil-importing countries and a close look at the international market.

The Administration has again requested no money for the Clinch River fast breeder reactor programme, which it argues has a distant and very doubtful prospect of economic success. The problem is that Congress has kept putting back funds for it. But in the wake of the Three Mile Island accident, the Administration has doubled money for light water reactor safety and given the Nuclear Regulatory Commission $170m more to improve its enforcement of safety.

# Congress asked for rise in foreign aid

**President Carter has asked Congress for a $300m rise in foreign economic aid to $6.2bn in 1980-81. This is less than last year's increase, and is a drop in real terms, with the nominal increase being split equally between bilateral U.S. aid programmes and multilateral agencies such as the World Bank.**

**But Congress is being asked to rush through a special $100m aid package for Pakistan, supplementary to the 1980 aid allocation, on the grounds that that country is threatened by the Soviet Union in neighbouring Afghanistan. This is part of the $400m amount the U.S. is offering which General Zia-ul Haq recently described as "peanuts."**

**Countries whose security is held to be important to the U.S.—chiefly Israel, Egypt and this year also Turkey—would get $2bn in economic aid in 1980-81 under the new budget. The U.S. now gives away many fewer arms than it sells abroad for cash, and military aid is scheduled to fall from $897m this year to $751m next.**

# Oil basins found off Alaska

BY DAVID LASCELLES IN NEW YORK

THE EXISTENCE of five more large oil basins off the coast of Alaska has been confirmed by the U.S. geological survey. However, estimates of the amount of oil they contain and how long it will take to open them up vary widely.

The survey's report is based on seismic exploration of the Bering Straits separating Alaska from the Soviet Union, and the Chukchi sea to the north of Alaska. Two of the newly found fields appear to extend into waters claimed by the Soviet Union.

According to the survey, the basins could contain several billion barrels of oil. However, the sedimentary areas lie at depths and in climatic conditions that would stretch current oil production technology to the limit.

The largest basin is the Navarin Basin which is 150 miles long and runs north of the Aleutian Islands towards the Russian coast. Another is the Chuckchi Basin which lies astride the division of U.S. and Soviet territorial waters north of the Bering Straits. Both basins extend into areas claimed by the Russians.

The survey said, however, that its ships had worked unmolested in these areas. The three other basins are somewhat smaller and lie closer into the Alaskan west coast.

The survey is charged with mapping U.S. geological resources. However, its reports do not necessarily imply that oil exists in these areas in commercially exploitable quantities. Instead, they are used more as a guide by the oil companies for drilling of their own.

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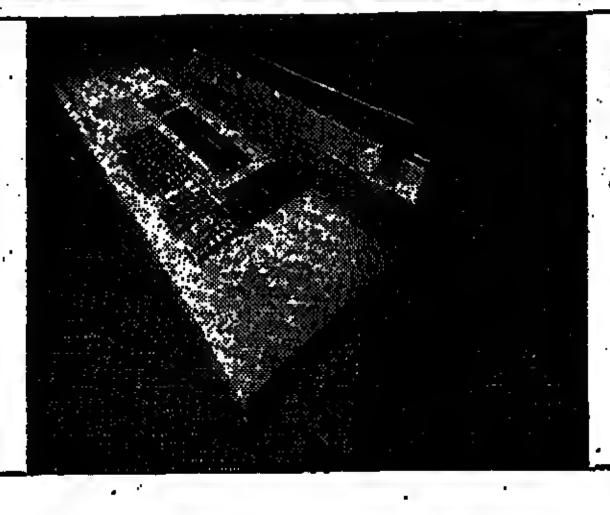

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## 'Give older graduates a chance'

By Michael Dixon, Education Correspondent

EMPLOYERS COULD make up shortages of bright young people for jobs such as computer programming and sales management by recruiting older graduates from the Open University, said Lord Perry, the university's vice-chancellor, in London yesterday.

"When the manager looks today at his graduate-staff needs, he must stop thinking almost exclusively in terms of people in their early 20s with brand-new suits and dresses, and no work record," Lord Perry said.

The value to industry of the Open University — which had enabled about 39,000 part-time students to gain degrees — was also emphasised by Mr. James Prior, Employment Secretary.

Open University students "represent a very valuable manpower resource for employers," he said.

Industry and commerce might well consider how they could help these students, by helping to pay their fees, giving leave to attend summer schools, and by rewarding their academic achievements with promotion.

## Move for energy consensus

BY RAY DAFTER, ENERGY EDITOR

Politicians in both the Commons and the Lords plan to form an all-party energy study group. It is proposed that energy companies will be invited to join as associate members.

A group of MPs and Peers say there was a need for a consensus approach to energy planning. A letter sent to interested members in both houses said energy policy was one of the most crucial questions faced by the country.

Major energy policy decisions involved long lead times so that "the Government responsible at the time is unable to reap either praise or blame." The group plans to hold an inaugural meeting on Wednesday next week.

Behind the move are: Mr. David Crouch, Conservative MP for Canterbury, Lord Ironside, Mr. David Lambie, Labour MP for Ayrshire Central, the Earl of Lauderdale, and Dr. Dickson Mabon, Labour MP for Greenock and Port Glasgow and former Minister of State for Energy.

They say in their letter the group would seek ways of studying energy matters away from party controversy. The principal aim would be to inform members about the scientific, engineering and economic aspects of energy. The group would also take into account social and environmental implications.

"The group does not see itself as a platform for environmental protest. Its concern is for continuity in energy policy."

The letter said companies in energy industry would be invited to join the group as associate members. It was hoped in this way to forge closer links between politicians and industry.

## 'Import controls may be needed'—BIM

BY JAMES McDONALD

A BALANCE must be struck between disciplining industry to make it more efficient and helping it with selective import controls, Mr. Leslie Tolley, chairman of the British Institute of Management, said yesterday.

He said in Engineers' Digest many sectors of industry, including textiles, cars, motor-cycles, television sets and radios, would not get back to a healthy state unless they received protection. But this would have to be done "carefully."

He said that because Britain was in the European Economic Community import controls could not apply to the EEC. "We have a free market interchange and it is just as much up to us to win European markets as it is up to us to defend the UK market.

"This can only be done by increasing our productivity to European levels and maintaining the sort of efficiency that we see in such countries as Germany."

But Britain's imports were by no means related only to Europe. "The problems we have in a large section of our industry originate from the Far East and from the Eastern bloc.

"In both cases there is little reciprocal trade in manufactured goods. There is a different approach to international trade and, as far as the Far East is concerned, a fundamentally different culture and financial outlook which we cannot be expected to cope with.

"We must be prepared to find some way of preventing these countries from running away with our domestic market," Mr. Tolley says. In many cases this can be done on a voluntary basis. "But certainly something must be done, in one way or another, if we are to restore our manufacturing industry."

## £50,000 aid for redundant workers

By Robin Pauley

A LONDON borough has earmarked £50,000 to help redundant workers start their own businesses.

Hackney Borough Council has taken the step primarily to help employees made redundant by Lesney Products, makers of Matchbox toys, which has its headquarters in Hackney.

Earlier this month the company announced that 1,200 workers would lose their jobs—1,052 of them in Hackney. The strength of sterling, UK inflation, the low birthrate and the switch from traditional to electronic games have hit the company hard.

Lesney, Britain's largest employer in the toy industry, exports 85 per cent of its production. It has already cut staff levels in the U.S. and plans to close its unprofitable Japanese sales subsidiary.

Under Hackney's scheme employees, who left the company last Friday after an agreement that they should leave before the statutory 90-day notice period and receive compensation for so doing, will be helped to start their own businesses or co-operatives.

The money will provide grants for paying the rent on industrial premises. Rate rebates may also be available.

The council-backed Hackney Business Promotion Centre is co-ordinating efforts by giving step-by-step advice on form filling, registration and other bureaucratic procedures.

Before the Lesney redundancies were announced 5,700 people were registered as unemployed in Hackney — about 8 per cent of the workforce.

Workers at two other companies in the borough also face redundancy in the coming months.

All 230 skilled workers at Quality Shoe Group will lose their jobs by May because the company is moving its manufacturing base to Wales.

H. Mono makers of ladies tailored garments, has announced 115 redundancies as the latest phase of reductions which have been taking place over the last few years.

## Shell may sue over tanker loss

BY WILLIAM HALL, SHIPPING CORRESPONDENT

SHELL International Trading is considering legal action to recover the cost of a $70m cargo of oil which has disappeared in mysterious circumstances.

The loss of the ship carrying the cargo, the Salem, is also causing considerable concern in insurance circles.

The loss of a 213,928 dwt very large crude carrier (VLCC) is a rare occurrence in any circumstances. But the sinking of the Liberian-registered Salem off the West African coast on January 17 has caused more than usual interest because of a number of unanswered questions.

The ship, which had changed owners the previous month, had left Kuwait for Italy on December 10. On January 17 it was sighted off the West African coast by a British tanker. Two days earlier a VLCC owned by Esso, which had left from roughly the same destination and followed the same route had unloaded its cargo at Wilhelmshaven in Germany.

Apart from the slowness of the voyage the other question perplexing investigators is that no major oil slick has been sighted. The Salem was carrying 193,000 tons of crude oil.

The Liberian authorities are conducting a preliminary inquiry in Piraeus but investigations are hindered because the Greek officers and master have not yet been repatriated from Dakar, where they were landed by the British tanker.

Shell is concerned about the loss of the Salem because it had bought its cargo of crude oil from a Lausanne-based firm Pontoil during the voyage.

Shell has had to pay for the oil and says that since the cargo disappeared under suspicious circumstances investigations are proceeding.

The Salem was bought in Dubai in December by Oxford Shipping, a Liberian company which is understood to be owned by Houston interests. Before that it was called the South Sun and was owned by another Liberian company, Pimmerton Shipping.

The Salem was built in 1969 for the Salen Group, the large Swedish shipping company which ran into financial difficulties in 1975/76. The Sea Sovereign (as the Salem was initially known) was sold privately in early 1977. No price has been mentioned but the market value of tankers like the Salem at that time was about $7m. Prices have increased since then to about $12m.

## Tachograph manufacturers open battle

● NEWS ANALYSIS. ● Lorne Barling surveys the prospects for three British-based manufacturers as they compete to supply the 350,000 tachographs which lorry operators will need by the end of next year. Competition will centre on design rather than price.

THE BRITISH market for tachographs, which may approach £100m in the next two years as lorry operators become legally obliged to fit them, is creating intense competition among three British-based suppliers of the devices.

Last week's decision by the [illegible] road transport unions, the Transport and General Workers and the General and Municipal Workers, not to call strikes over the use of tachographs — which monitor the mileages vehicles travel and the hours which they are driven —has added impetus to the sales efforts of the companies.

They are Lucas-Kienzle a Midlands-based subsidiary of Lucas, the UK automotive electrical group, and Kienzle of West Germany, Veeder-Root, an American-owned company based in Dundee, and Smiths Industries, the UK motor parts group.

Under legislation which stems from an EEC directive about 350,000 existing British commercial vehicles must be fitted with tachographs by the end of 1981. The average installation cost, including labour, the tachograph, and related equipment, will be £220.

There is a large market for tachographs for new vehicles, although its size is more difficult to judge since the use to which a vehicle is put determines whether a tachograph is needed.

Lucas-Kienzle, which already dominates the UK market, is favoured to win the biggest share of the new business, benefiting as it does from the experience of Kienzle of Villingen (one of the world's largest tachograph manufacturers) and the Lucas infrastructure in Britain.

Truck manufacturers generally allow customers to specify the type of tachograph they prefer. Of all BL vehicles sold up to the end of last year, 40 per cent of buyers chose Lucas-Kienzle equipment, 30 per cent Veeder-Root, and 15 per cent Smiths. The remainder took speedometer type equipment.

Kienzle tachographs sold in the UK are imported from West Germany. Assembly at Lucas-Kienzle's new premises near Birmingham seems unlikely, although there is provision for this.

The three companies are setting up a string of fitting and calibrating stations across the country. Lucas-Kienzle has 107 out of a planned maximum of about 150, putting it well ahead of the others.

There is likely to be little price competition, making product design a potentially decisive factor in determining market shares. Though most operators see the installation of tachographs as an expensive chore, Lucas-Kienzle points out there can be savings of up to 10 per cent in fuel consumption and important benefits on tyre and engine wear.

The company intends to persuade users that it is worth installing the most suitable of its three types—cable driven, electronic, and automatic—to achieve these savings.

It points out that drivers may prefer a particular type. By supplying it a company is more likely to win their co-operation and as a result cut costs.

Lucas-Kienzle also has a computer service which allows users to have their installation expertly analysed, rather than rely on their own interpretation.

Veeder-Root, the only company manufacturing tachographs in the UK, claims to have significantly eroded Lucas-Kienzle's position in the past three-and-a-half years and gained a lead in sales to truck manufacturers. The company has a substantial export business, mainly to EEC countries, now worth about £3m a year.

Its U.S. parent supplies 80 per cent of the world market for petrol pump computers and makes electronic and mechanical counters for a range of industrial equipment.

The product being marketed by Smiths Industries is manufactured in France by Jaeger-Gitac. Like Lucas-Kienzle, the company is wary of manufacturing in the UK because of the strength of competition.

But it has invested about £4m in the tachograph business.

## British Aerospace fire destroys £20m spares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 70 airlines throughout the world using British Aerospace aircraft are unlikely to have to ground them because of a shortage of spares after a fire on Sunday which destroyed the company's spares depot at Weybridge, Surrey.

The fire is estimated to have destroyed £20m worth of spares for 11 different types of aircraft. But manufacturing facilities and records were undamaged, and fresh spares can be made.

Most airline operators carry stocks of spares and can keep going for some time.

The fire came after blasts believed to have been caused by exploding gas cylinders. As firemen damped down the smouldering wreckage yesterday, an investigation into possible causes was begun.

At this stage, arson is not suspected. Nor is there believed to be any connection between the Weybridge fire and a recent fire at another British Aerospace plant at Hatfield, the cause of which has not yet been discovered.

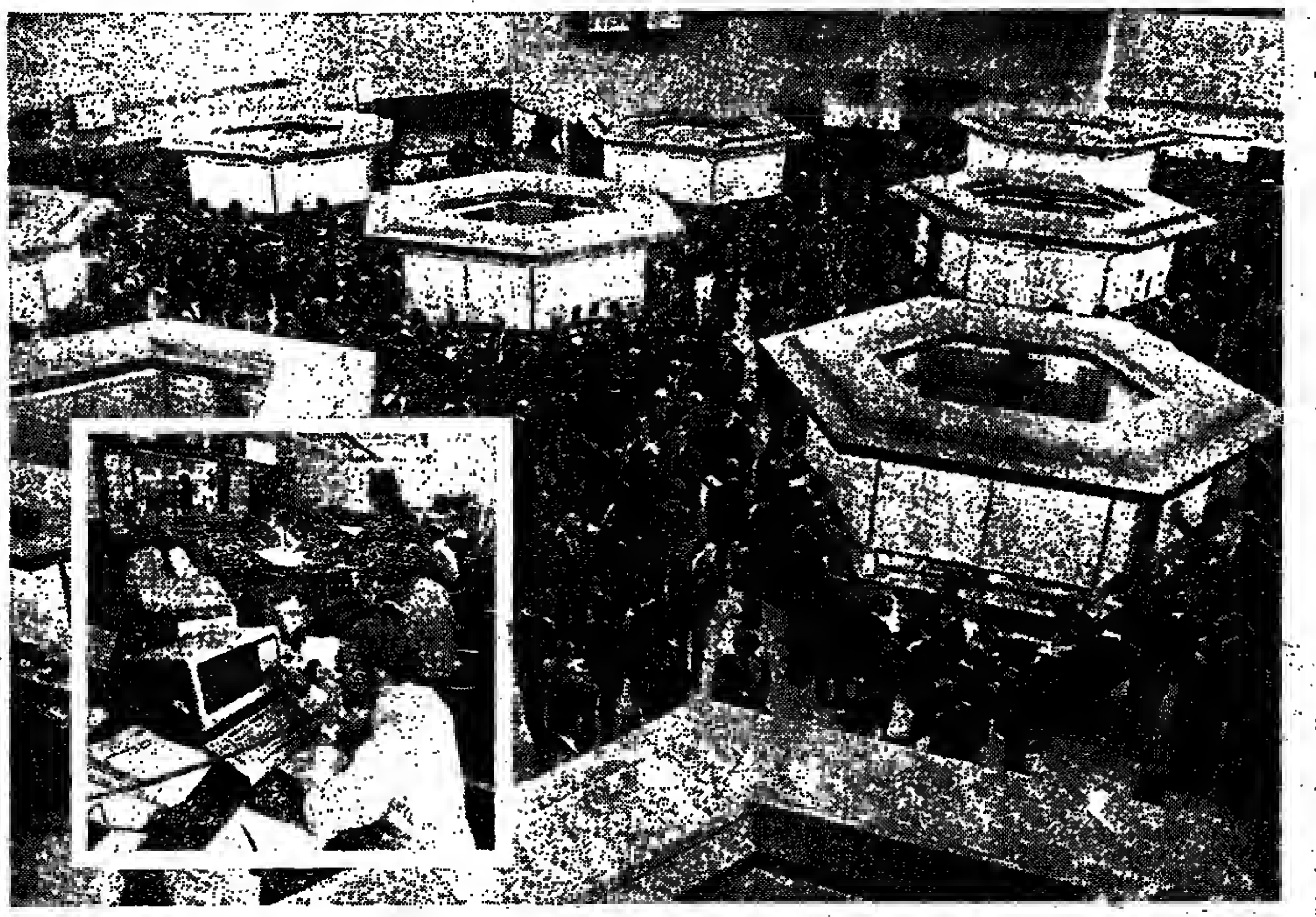
Spares carried in the Weybridge plant include those for One-Eleven, Concorde and VC-10 jets and Vanguard, Viscount and Britannia turbo-prop airliners.

British Aerospace yesterday began an emergency operation to ensure a continued supply of spares to airline operators. Some private companies, such as Aerocontracts of Gatwick, have stocks of spares, and BAe's own depot at Dulles Airport, Washington, has substantial stocks.

The company plans to manufacture rapidly both at Weybridge and elsewhere those parts in most urgent demand.

A spokesman for the Surrey police said yesterday that it would probably be some time before experts could determine the cause of the blaze. The depot and its contents were covered by insurance.


# Hewlett-Packard computer advances deliver results.



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Ken Sinclair, Managing Partner, de Zoete & Bevan.

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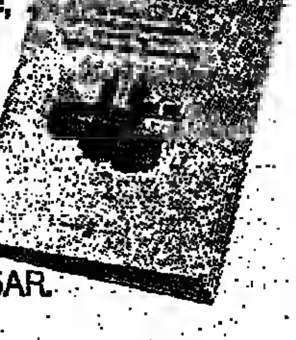

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## Former British Airways routes all reallocated

THE CIVIL Aviation Authority has completed the reallocation of those UK domestic air routes which are being given up by British Airways, **Michael Donne** writes.

From April 1, Dan Air Services will be allowed to operate on the Bristol/Cardiff-Dublin, Newcastle-Dublin and Bristol/Cardiff-Paris routes, and Air UK will fly between Leeds/Bradford and Dublin.

Before Christmas the authority reallocated more than a dozen routes being given up by British Airways. Air UK, Guernsey Airlines, British Midland, Dan Air and Jersey European Airways all gained some of them.

British Airways decided to give up these routes from April 1 because they were losing more than £6.5m a year. The independent airlines now given the routes have all said they can operate the routes at a profit.

The Civil Aviation Authority has given another independent airline, Alidair, rights to fly charter services on a number of routes during the coming summer, as an experiment.

The routes are Birmingham-Jersey (80 return flights), Leeds/Bradford-Jersey (26), Coventry-Guernsey (26), Exeter-Jersey (26), and Cardiff-Jersey (26).

The authority said its decision stemmed from its belief that while there was a need for charter flights between those destinations it was still necessary to protect the new scheduled licences awarded to other airlines.

It believes the new charter services would offer price savings and more convenient travel arrangements without significant disadvantages to those scheduled services linking the same points.

## Sheffield industry bid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

SHEFFIELD YESTERDAY launched a two-day presentation in London to attract more industry to the city, where unemployment is slightly below the national average.

Sheffield wants to attract more white-collar workers. The city is concerned that a big percentage of its manufacturing industry is tied to steel.

The London presentation is one of a number which Sheffield has been holding.

It has also brought in parties from the Continent, especially Germany, and played host to a group of Japanese businessmen visiting Britain.

Industrial sites are available for incoming companies though there are not many of more than 20 acres. What the city is seeking is medium-sized concerns that would provide jobs for 100 or more people.

## Labour's social 'failure'

THE LAST Labour Government is criticised for its failure to plan either the economy or social policy on a long-term basis in a Fabian Society study published yesterday, writes **Peter Riddell**.

The study consists of essays examining the 1974-79 government's record on social welfare and equality.

In one of two introductory chapters Mr. Nick Bosanquet of the City University says after a "useful beginning," with higher pensions and child benefit and the Employment Protection Act," the central failure was not in handling the recession of 1975 but in turning the short-term imperative of restraint into a permanent philosophy for public expenditure.

"The Government seemed to have no belief in public services and its approach to the tax system was one of diffident conservatism."

*"Labour and Equality: a Fabian Study of Labour in Power, 1974-79," edited by Nick Bosanquet and Peter Townsend, Heinemann Educational Books, £9.75 hardback, £4.50 paperback.*

## Investment trip for Derbyshire

DERBYSHIRE County Council's economic development committee has decided to send two officers to the Pacific coast of America to try to increase industrial investment in the county. The committee is also to consider the appointment of an agent for Japan.

# Revenue probes builders' payments

INLAND REVENUE officials are investigating 37 cases of suspected tax abuse involving payments totalling £20m mode to construction industry sub-contractors.

All the cases involve companies issued with the controversial 714C certificate which allows payments to be made gross to building sub-contractors, under construction industry tax deduction legislation.

News of the investigation into suspected tax abuses between 1977 and 1979 was announced in a consultative document on construction industry tax deduction schemes published by the Inland Revenue.

In the document the Revenue said it intended to have discussions with construction industry bodies on prohlems raised hy the "continuing abuse of the more flexible arrangements which were introduced for companies holding 714C certificates."

The present rules for controlling payments to sub-contractors were introduced in 1975. These were designed to correct weaknesses in earlier legislation which "made it possible for people wishing to evade tax to purchase "shell" companies and channel payments through them without dedncting tax."

The Inland Revenue accepted in its consultative document that the present system "imposes a heavy administrative cost on the industry" and in certain circumstances produces "indefensibly harsh results."

## Anomalies

But, it conclnded: "The bighly mobile nature of the workforce and the history of past abuse suggest that some sort of arrangement for the dednction of tax at source will continue to be necessary in tha construction industry."

The consultation paper suggested some relaxation in the qualifying rules for sub-contractors' certificates.

The rule insisting that sub-contractors must bave worked in the UK for the whole of threa years preceding an application for a certificate had prevented many contractors from obtaining certificates because they had been unemployed or sick.

But the arguments for more flexible rules for non-construction companies had to be "balanced against the possible loss of tax on very substantial sums of money."

The Revenue said it carried out a review of 28 businesses which had been regarded as contractors for the purpose of the deduction scbeme, but which were not building contractors "as commonly understood." These companies had made payments in excess of £130m in 1977-78 to sub-contractors.

*The Construction Industry Tax Deduction Scheme. A Consultative Document. Board of Inland Revenue.*

# Howe optimistic on world economy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday expressed qualified optimism about the prospects for the world economy.

In a lunchtime speech to the Association of Economic Representatives in London, Sir Geoffrey said ha believed "the industrial conntries might now be able to staunch the inflationary effects of bigher oil prices rather more successfully than in 1974."

It was widely recognised on the one hand that higher oil prices must be passed on to consumers in full. "On the other hand it is appreciated that the resultant increase in relative prices must be prevented as far as possibla from triggering a self-defeating wage-price spiral."

There was an encouragingly wide acceptance that there was no feasible alternative to these policies. They could obviously be uncomfortabla in the short run and they could mean higher interest, at least in nominal terms, and little if any growth in real incomes.

"But they are not an exercise in collective masochism. On the contrary, they are an acknowledgement of the folly of relaxing policies in an attempt to offset the loss of activity caused by a major transfer of purchasing power to the oil producers."

This reflected the bitter experience of the mid-1970s oil shock when countries which tried to maintain growth by stimuloting demand faced soaring inflation.

Sir Geoffrey recognised that o large share of tha deficit resulting from the increased surplus of the oil-producing countries was bound to fall on the shoulders of the less developed countries.

"This points to the possibility that, as in 1975, these countries will not be abla to afford a growth in imports sufficient to match their population growth."

He hoped the process of recycling would, with reasonohle care and prudence, again work well, hnt it would have to be watched closely.

Sir Geoffrey said it was a pity some countries had been so reluctant to borrow from the International Monetary Fund. He thought the fund handled the question of conditionality on borrowing in a reasonahle manner.

# Asda revives prices war

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE High Street supermarket price war flared again yesterday when the Asda superstores gronp announced a major price cutting campaign to hoost its market share.

The move came as a surprise to the grocery trade which had thought the price war of the past two-and-a-half years—which was started when Tesco launched Operation Checkout in June 1977—bad stabilised.

Asda, which has some 72 superstores and supermarkets, plans price-cuts of between 5 and 20 per cent on some 300 food and non-food items. The total cost to Asda of the price cuts will be about £5m this year. The Tesco campaign in 1977 cost £20m.

Asda's strategy is to boost its market share, currently just under 7 per cent, to enable it to pay for the price cuts without having to make larga reductions in its profit margins.

Asda is already the cheapest grocery multiple in the country, according to trade figures which show Asda some 8 per cent below the average supermarket prices.

But Asda'a gradual move into the more lucrative south-eastern grocery market has prompted it to cut prices even further to attack established stores such as Tesco and J. Sainsbury.

Both Tesco and Sainsbury bave already launched their 1980 price-cutting campaigns which, although not as extensive as the new Asda move, still make them extremely price competitive.

The latest market share figures give Tesco some 14.5 per cent of the market while Sainsbury has about 11.6 per cent, its highest ever share of the market.

The Asda move means that prices will continne to remain competitive dnring 1980, but the real issue over whicb the continuing High Street price war will be fought will be the battle for superstore development.

All the major multiples are currently pressing ahead with plans for a number of large stores to be opened this year to give them extra trading space.

The key is that with the extra volume capacity, the grocery multiples will be abla to increase both sales and productivity at the expense of their less efficient competitors.

# Scottish public spending highest

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SIGNIFICANTLY higher per capita level of public spending in Scotland compared with both England and Wales is challenged in an official study of the level of public spending in different parts of Britain.

The "needs assessment study" was undertaken as part of the devolution exercise by a team from various spending ministries undar Treasury leadership, but has only recently been published.

It questions the basis on which funds have been allocated in the UK. In place of the essentially subjective system, which takes account of political factors, the report puts forward an "objective" formula, using the aame criteria for each country.

The report has not yet been considered by ministers. The Treasury said yesterday: "This study was undertaken at the request of the previous Government and the present Government has no commitment to it in any way."

Some civil servants, notably in theScottish Office, wanted the report to remain private. It has ben released at the request of the Welsh Office, which sees it as useful ammunition in negotiations over the division of resources. Regional funds are bound to become more hotly contested as pubilc expenditure is progressively restrained.

The Welsh Office said yesterday: "We were very keen to have the report published and to use it as a reference point in negotiations over future public spending allocations."

The report calculates the actual spending in each country nsing 1976-77 figures and compares it with whot would have been spent under the "objective" formula.

In Scotland, Government spending per head of population was 22 per cent higher than in England. In Wales it was 6 per cent higher. Northern Ireland which is regarded as a special case, had spending 35 per cent above the English level.

Using the objective formula spending would have been spread more evenly. Scotland would have come out 16 per cent above England, Wales 9 per cent higher and Northern Ireland 31 per cent.

In terms of the 1976-77 budget application of the objective formula would have redneed public spending in Scotland by 4.7 per cent, with health, education and environmental services the main sufferers. Spending in Northern Ireland would have gone down 3 per cent. In Wales it would have risen 2.9 per cent.

The report's authors qualify their findings by saying the study was not exhaustive and would need regular updating if it were to be of any practical use.

# Reluctant obedience to union in private sector concerns

BY OUR INDUSTRIAL STAFF

IRON AND STEEL Trades Confederation members in private sector concerns yesterday appeared to have largely accepted the union's strike call, although in some cases their action was evidently being taken with reluctance.

The union has about 17,000 members in the private sector.

Two plants continued to work. At a Bredbury, Greater Manchester, rolling mill—Exors of James Mills—the 150 ISTC members worked normally. Other private steel companies in the area were idle.

The Sheerness Steel works in Kent with 400 ISTC men was also working.

In Sheffield where most of tha 1,000 ISTC members employed at Firth Brown—the city's largest private sector steel maker—turned up for work, they went home again on union advice. The pattern appears to have been similar at other private sector works where ISTC men are employed.

The action has shut down melting at most of Sheffield's privote plants, but operations in other departments were reported last night as going ahead as normally as possible. They may he hrought to a halt progressively, however, as supplies of raw material dry up.

The situation in Sheffield is generally mixed, however. Some small private sector steel makers do not have any ISTC members and are working normally. At other small companies, some ISTC members were reported to be working earlier in tha day, although some were later called out by union officials.

In Manchester, the Norwegian-owned Manchester Steel, was halted completely yesterday after about 450 men had been ordered to join the dispute by union officials.

Workers at the plant which successfully concluded its own wage negotiations before Christmas, said yesterday that some three-qnarters of the labour force were unhappy with the union instruction which has resulted in the company's first stoppage ever.

ISTC workers at Edgar Allen, Balfour plant, also in Manchester, joined the strike and picketing is continuing at steel stockholders throughout the region.


In Scotland, the local strike committee called on steel workers in the private sector to ignore Lord Denning's ruling, since the Court of Appeal had no jurisdiction North of the border.

However, Scotland has only two private-sector plants of any size, and both were already closed. Charles Williams and Sons, Wishaw, has been shnt down, since soon after the dispute started, as a result of picketing. And Parkhead Forge, Glasgow, was on holiday yesterday.

Strike organisers say ISTC mecmhers at the company will not report to work when the forge re-opens today.

In the Midlands, the private steel industry was at a virtual standstill by last night as workers ignored the Appeal Court decision and joined the strike.

Mr. Roy Bishop, Midlands divisional officer of the Iron and Steel Trades Confederation, said support from the 10,000 workers in the private sector had been total. Steel re-rolling bad been stopped at 22 companies including Ductile, Duport, Glynwed and Guest Keen and Nettlefold.

Steel manufacture bad been halted by the walk-out of around 2,000 workers at Patent Shaft works, Wednesbury, he said. The other private manufacturing plant in the region Round Oak was stopped more than a week ago by the refusal of workers to allow the despatch of finished products.

The West Midlands office of the Confederation of British Industry confirmed that nearly all workers appeared to hove obeyed the strike call. Around 3,200 other workers had been laid off because of the dispute, but the CBI believed it would he another two or seven weeks before steel users were hit.

Mr. Bishop warned that even if his executive recommended workers to follow the Appeal Court's decision and call off action, the private sector could still be seriously affected.

He thought many members would take matters in their own hands and continue the strike regardless. The resort by the employers to the law courts had hardened attitudes and caused greater militancy among members in the private sector.

Mr. Bishop said shop stewards at Round Oak, Patent Shaft and Ductile had sent resolutions to tha ISTC executive urging continued strike action.

Mr. Bishop maintained that as only 16 companies were party to the injunction gained in the Appeal Court, action could still be taken against other private steel concerns. He bellieved the manufacturing works at Round Oak and Patent Shaft would remain at a standstill in addition to a number of re-rolling companies in the Midlands.

Action against the re-rolling mills, the bulk of which are located in the Midlands, is particularly damaging as they meet the more sophisticated requirements of manufacturing industry. Mr. Bishop said small factories whicb relied on the re-rollers for steel would be affected quickly.

Workers at the Metal Box factories in Mansfield and Sutton in Ashfiald, Notts, will be employed on a day-to-day asis from Thursday next week if the steel strike continnes, the company said yesterday.

Abont 2,000 hourly-paid workers at the two plants will be affected and there would be lay-offs.

Metal Box said: "We have said, since the dispute started, that we only bad supplies to last until mid-February and we are almost there."

# Better TV for West region

ABOUT 1,000 people in Uley and Woodmancote, Glonceстershire, will be able to enjoy bettar television reception when the new IBA Dursley relay begins transmissions on Friday, carrying tha programmes of HTV West on Channel 43.

For the first week programmes may have to he interrupted for further engineering work.

# Ulster conference walk-out averted

By Stewart Dalby

THE CONSTITUTIONAL conference on Northern Ireland arrived at discussion of one of the most vexed issues on the agenda, power sharing, at its tenth session yesterday.

Mr. Humphrey Atkins, Northern Ireland Secretary, the chairman of the conference, managed to avert o much-predicted walkout or confrontation between the main Unionist and Roman Catholic delegates.

He issued a carefully-worded statement: "A modification of either the pre-1972 system of government or the executive power sharing arrangements of 1974 would not necessarily he regarded as out of order." He regarded the question of interests of the minority community as a "crucial dimension."

In an attempt to dampen speculation that the Government has proposals of its own to impose on Northern Ireland if the conference fails, Mr. Atkins took the unusual step of saying later: "Nothing could be wider of the mark than to suppose that the Government was half-hearted about the conference, or that it was acting out a part before producing a scheme of its own out of the cupboard."

Mr. Atkins' formal statement came as a palliative to Mr. John Hume, SDLP leader, and the chief Catholic minority representative at the conference, and seems to have ensured that be will return to it today.

But Mr. Atkins prefaced his reassuring words by reiterating part of the working paper on which the conference is based: "Nor, since there is no serious prospect of agreement on them, will the conference be invited to consider either a return to the arrangements which prevailed before 1972 or a revival of the system which obtained in the first five months of 1974."

## Satisfied

Mr. Ian Paisley, the main Unionist delegate at the conference, has insisted there can be no return to power sharing, and he will not consider SDLP participation in any Northern Ireland Cabinet level in a Northern Ireland rulin gbody. Mr. Atkins seems, therefore, for the moment to bave satisfied both majority and minority delegations.

The loopbole that Mr. Atkins has left Mr. Paisley to ensure his continuing presence at the talks is that he is not actually said the so-called "modifications" to power sharing should mean Catholic participation at Cabinet level.

On the other hand, the statement was so worded that Mr. Hume can read into it the possibilities of representation at the highest levels.

# BA starts non-stop flights to Seattle

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS will launch a three times a week service between London and Seattle in the U.S. on April 27, with a cheap fare of £159 for the round trip.

This Super Apex fare will, however, be available only on the first eight departures from each point, and is designed to hoost initial loads. The normal return fare will be £289.50.

Bookings for the first eight flights can be made now. Payment must be made at the same time.

BA was awarded the London-Seattle route as part of the Bermuda Two air agreement with the U.S. signed more than 18 months ago. The U.S. airline on the route is Pan American.

Both airlines will fly non-stop. The BA flights, using 747 jets, will leave Heathrow at 4.30 pm, arriving in Seattle at 6.05 pm local time, on Tuesdays, Thursdays and Sundays.

# MP criticises 'complacency' on jobless

MR. GAVIN STRANG, Labour MP for Edinhnrgh E., has criticised the Government for its "complacency" over unemployment and accused it of having "abdicated responsibility" for the creation of jobs.

"For the first time for more thon half-a-century Britain is ruled hy a Government which has abandoned full employment as a central objective of economic policy," be told a meeting of his constituency.

Tight money policy and cuts in investment, public expenditure and manpower, meant a "sharp and relentless" rise in the jobless in the next two years.

Only a complete reversal of policy could avert unemployment reminiscent of the 1930s.

# Civil servants warn of difficulties in pay talks

BY PHILIP BASSETT, LABOUR STAFF

CIVIL service unions yesterday opened their pay campaign publicly by warning of likely difficulties in pay negotiations this year for 600,000 white-collar civil servants ond hy giving notice that any industrial action necessary would be taken jointly hy all nine unions.

The warning is contained in a circular, approved by the staff side of the Civil Service Notional Whitley Council, the umbrella body for the civil service unions, which will be sent out this week by all the unions to their members.

The circular states there are "clearly visihle indications that, once again, o great deal of storm and stress may have to be encountered before the 1980 pay settlement is finalised." Last year industrial action in the service over pay considerably disrupted the cash flow for Government and business.

The unions point to two areas of difficulty. They say that the Government seems determined to tackle the questions of pensions and job security in the service before the settlement, which would have "significant adverse effects" for all members.

The circular also records the "considerable doubt" among civil servants about the Government's real intentions on Civil Service pay this year following the disclosure in a leaked Treasury document of a 14 per cent limit for public service pay increases.

The Government has publicly stressed its intention not to fix a cash limit for the service until the findings of the independent Pay Research Unit's comparability exercise become clear next month. The circular says, though, that an increase of 14 per cent would be insufficient. The unit's reports show increases dne of between 18 and 20 per cent.

Mr. Bill Kendall: Unions had learned lessons of last year's talks.

The circular also attempts to paper over the wide gaps that appeared between various civil service unions during last year's industrial action which was led hy the two largest unions, the Civil and Puhlic Services Association and the Society of Civil and Public Servants.

The splits between the unions led directly to a major examination of the structure of the staff side, which is still in process.

Mr. Bill Kendall, secretary-general of the staff side, said yesterday that the unions had learned the lesson of last year's negotiotions. This year all tha unions had agreed to co-ordinate any action necessary to maintain the sanctity of their pay agreement.

Negotiations on the PRU reports are under way to determine the true money rates which will then be used for negotiations on a final deal. Last year the unions won staged increases of an average of 25 per cent after selective strike action.

● Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants, yesterday said that the Civil Service Department hod shown itself to be irresponsible and "widely and deservedly distrusted."

Mr. McCall was writing in his union's journal on the result of a recent arbitration award for Civil Service technicians, mainly IPCS members, which gave increases far below the IPCS claim and which Mr. McCall described as a "disaster" for the union.

He said there should he a review of the Department's role, following its concentrated attack on the technicians' grades.

The union, which has declared a programme of sanctions over the award, was facing a "crisis" ovar pay which affected the whole of the Civil Service.

# Hospital disputes procedure approved

BY GARETH GRIFFITHS, LABOUR STAFF

THE GENERAL Whitley Council yesterday approved a new local disputes procedure for the National Health Service in an ottempt to limit the effects of industrial disputes in hospitals.

Agreement on the new procedure bad been delayed since last May and both management and unions hope it will mesn an end to the escalating local strikes, such as the recent Charing Cross Hospital dispnte in West London.

The procedure comes into effect immediately.

Until now fewer than balf of the regional area and district health authorities have collective dispntes procedures. Its aim will be to contain and resolve disputes as quickly as possible.

A two-month deadline has been established for the parties in a dispute to solve their problems. The status quo will be maintained during the talks when both sides will hove access to each other on a formal basis.

The procedure provides for a dispute to be considered initially by the district management team, or, in the case of aingle district areas, by the area team of officers. If unresolved, the issue will be passed to a conciliation panel.

The panel will consist of between two and four union representatives and an equal number of members appointed hy the employing authority. An independent chairman will be appointed hy the panel for concilation.

If the panel fails to resolve the dispute it will be passed on to officials from tha Advisory, Conciliation and Arbitration Service.

All the unions represented on the Whitley Council will be bound by the new agreement. There was apparently tough bargaining from both sides at yesterday's meeting over the wording of the normal working clause.

Union officials said the insertion of the phrase "normal working" was open to abuse.

Last year's Royal Commission on the National Health Service, with Sir Alec Morrison as chairman, argued that the local disputes had become more comman and criticised existing arrangements. The absence of a local disputes procedure had led to a certain disunity in local collective bargaining machinery.

The moves towards last night's agreement were started by Mr. David Ennals, Social Services Secretary in the Labour Government, who last winter met leaders from both sides in an attempt to start a local procedure.

The Department of Health and Social Security is now expected to come to a similar arrangement, with the Amalgomated Union of Engineering Workers and the Electrical and Plumbing Trades Union.

The two unions were the key ones involved in the Charing Hospital strike but are not Whitley Council members.

# Meccano workers back hunt for buyer

By Our Labour Staff

AIRFIX INDUSTRIES' management is to be allowed back into the Meccano factory in Liverpool which has been occupied hy its workforce for two months.

A mass meeting of abont 550 people yesterday voted hy a narrow majority to support proposals for a union-management working party to examine ways of finding a new buyer for the plant.

The meeting expressed concern abont reports that Airfix had decided to arrange for a French manufacturer to produce Meccano and Dinky toys under licence. Mr. Mike Egan, General and Municipal Workers' Union Liverpool district officer, said the aim of the working party proposals was to make the plant more attractive to potential buyers.

Shop stewards at the plant gave the working party proposals their backing on Friday. The package deal allows management representatives to enter the plant to collect papers relevant to negotiations over redundancy payments and invoices. Meccano prodncts will not be allowed to be taken off the site.

The working party, which has its first meeting tomorrow, intends to return the factory to Airfix at the end of February in a good condition. Discussions will be held on Thursday over the level of rednndancies for the 940 workers.

Airfix has offered three months' pay as a lump sum and a £150 top-up payment for workers with more than 15 years' service.

Shop stewards said the occupation would be continned until February 28 when the normal statutory redundancy period expired. They denied there had been any loss of morale among the workers, althongh yesterday's meeting had the lowest attendance so far.

# Government 'is using anti-union propaganda'

BY OUR LABOUR CORRESPONDENT

THE GOVERNMENT is using a "disgraceful smoke-screen of anti-union propaganda" to justify the proposals in its Employment Bill, says SLADE, the process workers union.

SLADE—the Society of Lithographic Artists, Designers, Engravers and Process Workers—said in a statement yesterday that it had o spacial interest in the proposed law since the Government had commissioned an inquiry into the union's recruiting tactics when it came to office.

"We were a scapegoat for mnch of the anti-trade union propaganda which won them the election last year, and we are now being used as an excuse for some of their anti-trade union legislation. We believe they are appeasing their anti-union friends who seem to be using every tricks the comes to hand to dirty SLADE. They say we are guilty of strong-arm tactics, of forcing people into the union and then denying them proper trade union rights once they are in."

The SLADE leaders claim that aizeable sums of money are being spent on propaganda against the union.

"Such o large amount of noise from such a small body of dedicated union bashers is being financed by someone, and it is time this information was publicly known. At some stage, too, the true political philosophy will be questioned of many of tbose people lending their weight, ovartly and otherwise, to this anti-union and anti-SLADE campaign."

Industry, aald the SLADE leaders, would survive to enjoy a reasonabla future only to the extent that it tackled the problems of new technology, an increasingly fierce international market place, and achieved a more sensible trade union structure. This meant a greater and wider collective identity and effort.

# Rise in level of pay deals

FIRST SIGNS of a marginal increase in the level of poy settlements towards the end of last year was reported yesterday by the Confederation of British Industry's pay data hank.

Sattlements covering more than 6m workers have been reported to the CBI. Those covering private sector deals show that two-thirds of the rises fall between 12 and 17 per cent, compared with 12 to 16 per cent in earlier periods.

But, with the total spread ranging from 5 per cent to more than 20 per cent, the CBI continues to stress that there is "no single going rate."

# Curbs on expulsion sought

PROTECTION against union expulsion for employees who refuse to take part in strikes which endanger life, health or public safety was demanded by the Association of British Chambers of Commarce yesterday.

Workers should similarly be protected if they refuse to take part in stoppages which breach procedural agreements, a delegation from the association said during a meeting with Mr. Patrick Mayhew, Parliamentary-Under-Secretary for Employment, yesterdoy.

The delegation told the Minister, during a discussion on the proposals in the Employment Bill, that it was essential for the law on secoodary hlacking—the issue raised again by the Court of Appeal jndgment against the Iron and Steel Trades Confederation—to be clarified. In the associotion's view it was unacceptable that employees who had no dispute with their employer should be forced to withdraw their labour.

# Ship diverted from Mersey

ANOTHER SHIP was diverted from the Mersey yesterday os a result of the unofficial strike of 234 shore gang men who lash general cargo and containers in the bolds.

They walked out on Friday in protest at the redundancy terms offered to 24 men whose jobs have been axed in an economy move.

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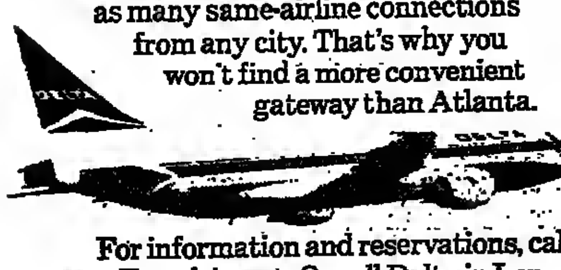

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## UK NEWS — PARLIAMENT and POLITICS

# Thatcher spells out Soviet threat to West

BY JOHN HUNT

THE Russians have meddled in the West's affairs at every turn and have refused to conduct their domestic affairs in a "civilised and democratic manner," the Prime Minister said yesterday.

"They have worked directly and indirectly against Western interests wherever they could," she said when she opened a major debate on East-West relations and the Soviet invasion of Afghanistan.

Mrs. Thatcher made it clear that she saw the action in Afghanistan as a grave threat to Iran, Pakistan and the Gulf States.

She emphasised the need for Britain and the West to strengthen their defences, but insisted that the process of genuine detente should go on where possible.

The Opposition leader, Mr. James Callaghan, agreed with aspects of Mrs. Thatcher's speech, but placed greater amphasis on the need to combat Soviet expansionism by political and economic means.

He urged a summit of the seven leading Western industrialised countries, which should then enter discussions with the Governments of the Middle Eastern oil producing states.

MPs were in sober mood at the start of what was probably the most significant foreign affairs debata to be held in the Commons over the past decade.

Mrs. Thatcher told them: "Detente is indivisible or it is nothing. So long as the Russians refuse to accept this, so long as they go on trying to defeat the West by all means short of war, we shall do whatever is necessary to counter their policies.

"We shall strengthen our relations with the whole non-Communist world. We shall look to our defences.

"But we shall continue to negotiate with the Soviet Union from a position of balanced strength on issues where our interests are mutual."

She recognised the immense practical difficulties in moving the Olympics from Moscow. But if these difficulties could not be overcome, the Government would consider further measures.

Mrs. Thatcher also gave a strong hint that the Government favoured giving military aid to Pakistan. "We shall be reviewing aid to Pakistan and we shall of course be reviewing the military situation because Pakistan is now right in the front line."

At the same time she wanted to make it perfectly clear that Britain did not want Pakistan to have nuclear weapons.

The Prime Minister warned that Britain faced a grave development in East-West relations. The Soviet action in Afghanistan and the arrest of Professor Sakharov showed a brutal disregard for international behaviour.

Afghanistan was a symbol and a warning. It was the first time since the last war that the USSR had sent tens of thousands of soldiers backed by tanks and helicopter gun ships into a country outside the Warsaw Pact.

There were mutterings of dissent from the Labour benches when she said that the Afghan rebels were "genuine freedom fighters" struggling against an alien oppressor.

The Soviet Union had driven a wedge into the heart of the Moslem world and vastly extended its borders with Iran and Pakistan. It had also advanced within 300 miles of the Straits of Hormus which controlled the Gulf.

The Russians had said that their intentions towards Iran were benevolent, bnt who could believe them?

She recalled that the Soviet Union maintained that its 1921 treaty with Persia was still valid. This said that if a third party attempted to use Persian territory as a base for operations against the Soviet Union then Russia shnuld have the right tn advance troops into the Persian interior.

"I need hardly comment nn the implications of such a text," said Mrs. Thatcher. "The temptation to the Russians is apparent."

The Soviet invasion had also driven many Afghans into Pakistan. The threat to stability in that area was only too obvious and President Zia's concern only too well justified.

The threat tn the south was just an dangerous. It was only a short distance from Southern Afghanistan to the Gulf and the Straits of Hormus. The oil from the Gulf States was the lifeblood of the West. If it was stopped, there was doubt whether our societies could survive.

From the Opposition front bench, Mr. Callaghan said that we should seek to construct a new set of understandings and rules with the Soviet Union.

The time for that was not yet, but it must come soon "or else the situation will deteriorate even further and the drift to war."

The Soviet Union must be made tn realise that detente could not be coupled with third world adventurism.

He agreed that Britain should continue to seek areas of co-operation with the Soviet Union. It was now clear, however, that the balance between NATO and the Warsaw Pact was not sufficient to prevent a wider conflagration in other parts of the world.

This could develop into a nuclear conflict. He did not want to overstate the case but this was the shape of things that could emerge in the 1980s.

Afghanistan demonstrated that the Soviet Union was prepared to move swiftly, ruthlessly and powerfully. Some countries were now bound to ask whether they would be next.

A shadow hung over many countries, prompting them to increase their armed forces "and who could blame them?"

Britain must support President Carter and his doctrine that control of the Gulf was vital is the interests to the West.

# Opposition urges Denning to retire

BY IVOR OWEN

A CALL for the retirement of Lord Denning, the 81-year-old Master of the Rolls, was made from the Opposition front bench in the Commons yesterday during attacks on the ruling by the Court of Appeal against the extension of the BSC strike to the private sector.

There were protests from the Government benches when Mr. Jeffrey Thomas QC, a Lahour spokesman on legal affairs, said: "Much as we have respected Lord Denning in the past, the time has now come for him to retire."

Many people feared that the week-end judgment by Lord Denning and the Court of Appeal would have the effect of "putting down more explosive in an already dangerons minefield."

Mr. Thomas maintained that judgment made the position on the legal immunities of trade unions more uncertain and could hring the rule of law into disrepute.

The Speaker, Mr. George Thomas, immediately pointed out that MPs were entitled to criticise judges only during a dehate on a substantive motion.

Earlier, he halted Mr. Martin Flanuery (Lab. Sheffield Hillsborough) when he claimed that Lord Denning and his "two accomplices" had now rigged up their own Industrial Relations Act.

The Speaker cited earlier rulings making it clear that while within certain limits, a judgment may be criticised by MPs it was out of order to impute any motives at all to judges acting in their responsible offices.

Mr. Patrick McNair-Wilson (C., New Forest) led strong protests from the Government backbenches about the statement made by Mr. Arthnr Scargill, president of the Yorkshire miners, declaring that Lord Denning's judgment should he totally ignored.

He asked Sir Michael Havers, the Attorney-General, to ensure that "nrgent" steps were taken to prosecute Mr. Scargill.

The Attorney-General replied "I have not seen this statement attributed to Mr. Scargill. . . I am certainly not in a position to answer Mr. McNair-Wilson's qnestion."

In a further attack on Mr. Scargill, Mr. Robert Adley (C., Christchurch and Lymington) described his as "a second rate revolutionary" seeking to launch a campaign of civil disobedience.

# Tribune condemns invasion

By Our Lobby Staff

IN ANOTHER example of the divisions develeping in the Labour Party over defence, the Tribune group of Left-wing Labour MPs last night condemned Russia's intervention in Afghanistan in very different terms to those used by Mr. James Callaghan, the Labour leader, during the night's debate.

The statement, agreed at a meeting held while the debate was going on, accused the Government of using Afghanistan as a diversion to attract attention away from the British political scene.

It attacked both the UK and American Governments for the "height of hypocracy" in claiming tn defend the principle of territorial integrity.

The motion began by condemning Soviet military intervention in Afghanistan and rejecting the explanations given by the Soviet Government.

It also identified Tribune with criticisms of the Soviet action from the non-aligned countries.

It then went on to regret that similar actions by Western powers in Suez and Vietnam for example — had provided all too many precedents for the Soviet intervention.

That history made it totally hypocritical for the U.S. nr UK Governments to claim to defend the principle of territorial integrity. The statement called on the Soviet Union to withdraw its "forces of occupation" immediately.

● JURY REVIEW: The Government is looking at the law of contempt in the light of the recent court ruling that the New Statesman magazine did not commit contempt of court when it published an interview with a juror after the Thorpe trial.

● CLOSED SHOPS: Preliminary research shows that the closed shop affects at least 5.2m of the 22.2m employees in Britain, Mr. Patrick Mayhew, Employment Under-Secretary, told the Commons in a written answer last night.

# Peers dislike EEC advertising controls

BY ELINOR GOODMAN

THE European Commission's amendments to its proposals fnr controlling advertising have failed to satisfy the House of Lords' select committee on the European Communities.

In a report published today, the Committee agrees with the advertising industry's arguments that the proposals would not accommodate the British system of self-regulation.

Most of its earlier criticisms, it says, have not been met, and the draft still goes beyond the powers given to the Community.

The EEC has been working for several years on proposals fnr controlling misleading advertising, which in this country is controlled on a voluntary basis.

Two years ago, it produced a proposal which provided for the enforcement of the recommended controls by the court.

The draft was rejected by both the European Parliament and the House of Lords' committee.

Since then, the Commission has put forward revived proposals which would make it possible for member states to regulate advertising by means of "an administrative authority" as an alternative to control by the courts.

Despite this fundamental change in the draft, the committee concludes that the Commission has failed to deal with its main complaints about the earlier proposal.

In particular, it says that though the draft recognises the control of advertising by self-regulatory bodies as accepable, it does not do so in such a way as to exclude the powers of the court.

The Department of Trade still has not completed its consultations with interested parties on the new proposals.

But in evidence to the committee it said that it would support any amendment to the draft directive which would ensure the continnation of the Advertising Standards Authority's regulatory role.

It also pninted ont that in its view the amended proposal would enable those dissatisfied with the voluntary regulatory arrangements to take their case to the court.

# Games ban attacked by Heath

By Philip Rawstorne

MR. EDWARD HEATH, former Conservative Prime Minister, intervened in the Commons debate yesterday with some sharp criticisms of the Government's measures against the Soviet Union.

He said that he regretted the decisions to break off ministerial and other high level contacts with Russia.

It would have been better to allow Soviet visitors—such as Mr. Gromyko—to hear directly what Government ministers and Opposition leaders had to say about the invasion of Afghanistan, he said.

Mr. Heath told MPs that he was also opposed tn the attempt tn move the Olympic Games from Moscow. "I believe that we should take politics out of sport," he declared.

"If the Soviet Union is determined on aggression is the fact that the Olympic Games are abandoned going to stop it?"

If any nation or individual athletes did not want to take part, it was up to them to withdraw, Mr. Heath said. The Olympic Games were now becoming as much a matter of U.S. as of Russian prestige.

By focusing public opinion on this issue, attention was being diverted from "what really needs to be done."

Similarly, Mr. Heath suggested, the concentration of European leaders at recent EEC summits on questions of "fish, lamb and hndgets" had prevented the Community from dealing with such vital international affairs. "We should solve our internal problems speedily so we can go on to deal with the outside world," he said.

Mr. Heath said that the West now needed a global strategy — economic, military, political and social—for responding to the situation.

There was a "credibility gap" tn he bridged in the West's relations with the Soviet Union. "We have to make it clear where we are going to stand," he said.

# Steel strike losses rise

BY IVOR OWEN

LOSSES INCURRED by BSC as a result of the current strike are in the region of £10m a week, Mr. Michael Marshall, Under-Secretary for Industry, told the Commons yesterday.

He also told MPs that in the weeks ended January 12 and January 19, production in manufacturing industry was estimated to be about two to three per cent less than it would hava haen in the absence of the BSC dispute.

Most of this loss of output was attrihutable to the lack ef production at BSC itself.

Sir Keith Joseph, the Industry Secretary, reaffirmed that the Government had no intention of interfering in the management of BSC.

Mr. Adam Butler, Minister of Stata, gave an assurance that the Corporation's cash limit for 1979-80 remained £700m.

During exchanges ahout the quality of management in Britain's nationalised industries, Mr. Patrick Cormack (C., Staffordshira SW) suggested that the position of Sir Charles Villiers, the BSC chairman, should be looked at "very quickly."

Sir Keith underlined the immense difficulties in managing such giant corporations particularly as they were immune from hankruptcy which was the ultimate protection of the consumer.

He also pointed out that many chairmen of nationalised industries bad been appointed by Labour Ministers.

# Benn attacks Whitehall

BY OUR LOBBY STAFF

MR. ANTHONY Wedgwood Benn, the former Energy Secretary, last night renewed his attack on Whitehall.

If its growth was not checked, he said, the Civil Service could pose a serious threat to democracy.

Mr. Benn, who went into voluntary exile on the Labour hackbenches, partly so that ha could campaign for greater accountability both in Whitehall and the Government itself, said it was essential that constitutional reform became a central part nf the political debate.

The time had come when the reforms were urgently needed to restore the authority of the Commons, to secure effective Ministerial control over the Civil Sarvice, and to move towards a more constitutional type nf premiership.

Mr. Benn acknowledged that the civil servants could give "fnrmidable and effective assistance in the executinn of policy"—but only when the policy fell within what they regarded as the acceptahla parameters of consideration.

Speaking at Chatham House in a lecture on The Role of the Civil Service, Mr. Benn dismissed the Left's often-heard argument that the Civil Service is dominated by active conservatives posing as impartial administrators.

The real prohlem, ha argued, arose from the fact that the Civil Service saw itself as being above the party battle, with a political position of its own to defend against all cemers, including incoming Governments.

# Neutral observer joins the world of politics

**Ray Perman, Scottish Correspondent, interviews Lord Mackay, a latecomer to the British political scene.**

ONE MAN in Mrs. Thatcher's government was not a member of the Conservative Party when he was appointed last May. It is not certain even now that ba is formally a member.

Lord Mackay of Clashfern, aged 52, who as Lord Advocate is tha senior law officer for Scotland, was Dean of the Faculty of Advocates, tha professional body for counsel in Scotland. He says he was without political ambitions when he was asked to join the Government.

"I had never been a member of any political party and I had to modify my views.

"I had been a practising advocate and as dean of the faculty I maintained an attitude of neutrality as far as political matters were concerned.

"But when I took this joh I thought things over and decided that I ought to support the Governmant in what it was trying to do."

He now feels himself hound hy the collective responsibility of Ministers and would vote with the Government if called to do so in the House of Lords, bnt unquestioning support was never made a condition of accepting the post. He attended the Conservative conference last October, but has never been asked for his party subscription.

Lord Mackay is not the first Lord Advocate to hava been plucked from the law to help an administration in need.

Although the last man to hold the post, Mr. Ronald King Murray, was also an MP, Conservative and Labour Governments have had occasion before to look outside the ranks of—? their own supporters when there was no-ona of sufficient qualification or ability among Scottish MPs.

Lord Mackay accepted a life peerage in the Birthday Honours list so that he could be answerable in the Lords, but some of his predecessors have remained outside both Houses of Parliament.

The appolntment met with wide approval, both in politics and the law. The responsibilities of the lord advocate are wide, covering the preparation of legislation, legal advice to the Secretary of State for Scotland and overseeing the prosecution system, hnt Lord Mackay's abilities were generally thought to be well up to the job.

The son of a railway signalman, he read mathematics at Edinburgh University and became a Cambridge don before turning to the law relatively late.

He quickly became a skilled advocate. His initial training and the mental discipline given by his strict religious ontlook make bim "unshakable in argument," according to a former colleague. He was made a QC in 1965 and a sheriff seven years later.

Others describe his strict sabatarian views and his mind "like the prototype of the pocket calculator," bnt these give an unduly severe impression of the man.

He is not the caricature dour Calvinist Scot, but friendly and given to smiling a lot.

His tenure so far has had its controversial moments.

He authorised the prosecution of the Glasgow Herald for contempt of court, resulting in the newspaper being fined £20,000 and he has responsibility for the Criminal Justice Bill, a major reform of the Scottish criminal law.

The Bill, which received its second reading in the Lords two weeks ago and begins its committee stage today, brings together the recommendations of eight specialist committees and tidies up a number of loose ends and anomalies.

The Bill is wide ranging, introducing, for example, the new crime of vandalism and allowing courts to award compensation to the victims of crimes.

But civil liberties groups have stressed the new powers it would give to the police to stop and search people suspected of carrying weapons and being able to detain suspects for up to six hours without a charge.

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| 280 | 1880 | 3080 | 4080 | 5380 | 6780 | 8180 | 9580 | 10980 | 12080 | 13780 | 15880 | 16980 | 18780 | 19280 |
| 380 | 1980 | 3180 | 4480 | 6080 | 6980 | 8380 | 9780 | 11180 | 12580 | 13980 | 16380 | 17280 | 18980 | 19980 |

On March 1, 1980, the Bonds designated above will become due and payable at the redemption price aforesaid in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein, and will be paid, upon presentation and surrender thereof in a negotiable form with all coupons appertaining thereto maturing after the redemption date, at the option of tho holder either (a) at the Corporate Trust Department of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015, or (b) subject to applicable laws and regulations, at the main office of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London, or Paris or at the main office of Privatbanken A/S, Den Danske Landmandsbank, Kjøbenhavns Handelsbank or R. Henriques jr. in Copenhagen. Payments at the offices referred to in (b) above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained with a bank in New York City. Coupons due March 1, 1980 should be detached and collected in the usual manner.

From and after March 1, 1980 interest shall cease to accrue on the Bonds herein designated for redemption.

Ministry of Finance of the Kingdom of Denmark
by: Morgan Guaranty Trust Company
OF NEW YORK, *Fiscal Agent*

January 29, 1980

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

COUPON BONDS OF $1,000 EACH

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| M 258 | 1319 | 1613 | 2013 | 2654 | 3695 | 4297 | 5804 | 7568 | 8402 | 9690 | 11106 | 12127 | 13527 | 14786 | 18821 |
| 618 | 1335 | 1627 | 2213 | 2690 | 3698 | 4340 | 5860 | 7577 | 8433 | 9695 | 11113 | 12275 | 13731 | 14806 | 18823 |
| 906 | 1337 | 1684 | 2290 | 2691 | 3790 | 4623 | 5861 | 7617 | 9017 | 10217 | 11127 | 12302 | 13758 | 14854 | 18840 |
| 913 | 1354 | 1697 | 2331 | 2694 | 3791 | 4675 | 6255 | 7637 | 9019 | 10327 | 11191 | 12306 | 13918 | 15504 | 18849 |
| 931 | 1370 | 1704 | 2376 | 3019 | 3813 | 4679 | 6556 | 7655 | 9021 | 10337 | 11204 | 12406 | 13931 | 15891 | 19075 |
| 1029 | 1402 | 1705 | 2431 | 3070 | 3921 | 4816 | 7237 | 7658 | 9140 | 10483 | 11213 | 12521 | 13923 | 16380 | 19370 |
| 1031 | 1406 | 1730 | 2453 | 3299 | 4027 | 4891 | 7238 | 7712 | 9270 | 10554 | 11313 | 12647 | 13941 | 16404 | 19512 |
| 1119 | 1458 | 1739 | 2458 | 3302 | 4121 | 5031 | 7537 | 7713 | 9319 | 10627 | 11214 | 12770 | 13983 | 16406 | 19581 |
| 1212 | 1555 | 1750 | 2554 | 3621 | 4212 | 5127 | 7538 | 7727 | 9323 | 10770 | 11223 | 13019 | 14240 | 16421 | |
| 1255 | 1570 | 1754 | 2535 | 3627 | 4213 | 5152 | 7546 | 7731 | 9504 | 10780 | 11240 | 13402 | 14331 | 17058 | |
| 1258 | 1600 | 1775 | 2605 | 3647 | 4214 | 5154 | 7554 | 7759 | 9884 | 10850 | 11954 | 13413 | 14727 | 17623 | |
| 1259 | 1601 | 1940 | 2631 | 3675 | 4222 | 5240 | 7555 | 8031 | 9889 | 11058 | 11955 | 13421 | 14754 | 18502 | |

# The range of international services no other bank offers:

**International Finance. Competitively.**

Short-term and fixed rate medium-term finance covered by ECGD guarantees. Negotiating or discounting bills, Acceptance credits, Eurocurrency finance, Export factoring. International leasing and Instalment finance.

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Being the exclusive U.K. member of European Banks International (Ebic) Midland can offer their clients the complete facilities of seven major independent European banks with 10,000 branches throughout Europe, and a world-wide network of joint ventures.

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A complete range of international financial services from Samuel Montagu, a major Merchant Bank and a member of the Midland Bank Group.
Eurocurrency credits, bond issues, corporate and investment services.
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A unique range of marketing and export finance services through the London American International Corporation Limited, operating in over 100 countries.
Information on regulations, tariffs and documentation procedures.

**If we're not already delivering for you and you think there's room for improvement in your financial arrangements, we'd like to talk to you. For a prompt answer, contact our International Division in London or any of our branches throughout the U.K.**

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## Test us.

**Midland Bank International**

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

## Gives quick reading of air speed

AN ALMOST instantaneous reading of air velocity can be obtained from a portable anemometer from Airflow Developments, Lancaster Road, High Wycombe, Bucks HP12 3QP (0494 25252).

Called EDRA-5, the self-contained direct reading instrument uses a 100 mm diameter rotating vaoe head to geoerate measurement pulses. The finely balanced vaoes are supported on twin precisioo miniature ball races for reduced rotational friction. Rotation is sensed by a capacitance transducer; the resultant pulses are counted and timed to calculate the air velocity.

Analogue and digital versions are available, the former having dual metric/imperial scales with ranges 0.25 to 5.0 metres/sec and 3.5 to 25 metres/sec displayed on a large 125 mm taut-band meter.

The digital version has a liquid crystal display with 18 mm digits providing a metric-only range of 0.25 to 30 metres/sec. Both types have an output for remote displays, data logger or chart recorder.

Vane head is connected to electronics box by up to 100 metres of cable; the instrument weight is only 2.5 kg and it runs from rechargeable batteries.

## Film thickness gauge

CLEAR OR pigmeoted films between ten microns and five millimetres thickness can be gauged to typical accuracies of a tenth of a micron or 0.1 per cent of range usiog the FG4 film gauge from Infrared Engineering, Galliford Road, The Causeway, Maldon, Essex CM9 7XD (0621 52244).

Ao absorptioo technique is used in which two wavelengths are passed through the film, ooe of which is partially absorbed and the other oot; the absorbed wavelength is chosen to match the material of the film. Ratio of the two output levels is a measure of the thickness.

Newly extruded film passes between the transmitter and receiver heads, which are 55 to 100 mm apart. An area 8 mm wide by 12 mm long in the web directioo is sampled and the measurement is not affected by web flutter under ±25mm.

Film thickness appears on a digital panel meter and is logged oo a chart, both housed in an electronics unit which can be placed up to 30 metres from the heads. An output can be fed to control systems.

## Checks the data channels

MEASUREMENT OF both bit and block error rates on communications lines and systems can be achieved with the DF-64 instrument from Waodel and Goltermann, 40 High Street, Londoo W3 (01-992 6791).

The send section of the unit is a crystal-cootrolled source able to generate pseudo-random and periodic test sequences at bit rates of 48, 56, 64 and 73 kilobits/sec, suitable for time division multiplex groups. It is also possible to deal with high speed data transmission over wideband analogue channels by means of an externally applied timing signal which may be applied from one to 520 kilobits per second.

After the receive section has synchronised to the correct frequency, the data channel pulse pattern under test is compared bit by bit with the reference sequence and from this comparison the error rates are derived.

Results are permanently recorded oo a 20 column tabulated print-out.

● ENERGY

## Packaged hydro-power units

SELF-CONTAINED hydro-electric power generation units with power ratings from 500 to 7000 kW, suitable for use where modest water flows and heads are available have been introduced by British Brown-Boveri of Stag Place, London SW1E 5AH (01-828 9422).

Designs originate from Brown Boveri's Norwegian subsidiary and embody much of the experience gained from that country's hydro-generation plant since the turn of the century (Norway generates more power from water sources per capita than any other nation).

The "package" in which the unit is supplied contains all the switchgear, monitoring and alarm equipment, controls, protection and generating plant needed for continuous unmanned operation.

A synchronous, brushless type of alternator is employed with an output voltage of 380 volts 50 Hz, but other values can be supplied.

Step up transformers to allow connection to higher voltage distribotion lines are included.

Depending upon the head of water available, various turbine types can be made available.

● TELEVISION

## Solid state colour

OUR TOKYO correspondent reports that Sony has developed what it claims is the first viable colour video camera to use a solid state sensor instead of the conventional colour camera tube.

It is about one seventh the size of "conventional" colour video cameras and, at about £4,500 is described as marginally cheaper.

The camera is to be initially supplied to All Nippon Airways for installation in airliner cockpits—the idea is to give passengers a television view of take-off and landing.

Sony says it hopes to produce a version of the camera for home use within about two years and "at a much lower price."

No details are available concerning the definition of the pictures obtained — systems reported to date have frequently not reached the standards of colour tube cameras.

● DATA PROCESSING

## Access to texts of any length

INFORMATION Management Exhibition (IMEC) at Wembley in February will be the occasion for the first public demonstration of a problem-solving information retrieval system developed by the UK Atomic Energy Authority's Safety and Reliability Directorate.

The system fills a gap that the directorate identified when exploring what systems were available for its own use. From Culcheth, Warrington, the SR Directorate provides an accident and reliability data service that was only semi-computerised, because existing computer systems were found either to handle structured data bases or textual storage, but not both at the same time at least to any high degree of quality.

Consultant Turnkey Software of Chalfont St. Giles was brought in and in close collaboration the two organisations devised a software package that met the authority's requirement and is now being made available for the numerous other potential users.

The package is suitable for minicomputer installations and can be operated at a variety of levels of sophistication. The texts of long or short documents can be stored and can be accessed via an index of reference words, keywords and tagwords that can be extended as desired by the user. It therefore becomes possible to recall from the stored data all documents, say, relating to accidents occurring since a given date, involving loss of life, associated with the handling of petroleum and causing damage beyond a given value. The system enables the computer to search for all information that encompasses all of the specified factors.

The user is then presented with a menu indicating what is available and can command the system to display or print out the material in any given lengths of text at a time. Alternatively for a lower-cost method, the equipment can enumerate references to material that is stored in conventional paper files or it can be asked to operate microfilm projection automatically that will show the texts to the researcher on an adjacent screen.

One facility included is "memo-marking" whereby a user can return to a research task after an interruption and, through a personal code, command the system to review the data he has already accessed and display a menu of the references that he has not yet read.

Turnkey Software has world-wide distribution rights from the UKAEA and the new system will be marketed under the name LexiBOSS.

For details of the demonstration at IMEC, contact the exhibition organisers, Clapp and Poliak Europe, 232 Acton Lane, London W4 5DL. Telephone 01-995 4806.

## Solves many problems

EKS IS the name given to a suite of engineering design software products able to solve most structural engineering problems and now made available in Britain by Boeing Computer Centres.

In designing a bridge—the sort of engineering problem requiring many repetitive calculations—EKS can help the engineer to accomplish them in minutes. Each structural member of the model is analysed, indicating, for example, what size beam will carry the expected loads at the lowest possible cost.

Other programs are available to help design structures such as tower blocks, dams, tractors, or even air-conditioning systems for large buildings.

EKS is run on a timesharing basis through Boeing's machines which consist at present of CYBER 175s, 750s and 760s. The world's most powerful machine, a Cray, is soon to be added.

All programs are available, both interactively, which makes learning easier for the user, and through batch at economical rates.

Boeing, Mainstream Division, 19, Fitzroy Street, London, W1. 01-323 0626.

## Four new machines

BRIGHTEST OF stars in the new firmament of microcomputer companies must surely be Zilog which started in California at the end of 1974, achieved a turnover of $2m in 1976 and last year announced sales of $40m.

It made a further thrust forward last week with the announcement of four new machines, two complete ready-to-run systems and two microcomputer subsystems designed as modular buildiog blocks for general purpose systems in business and industry.

The ready-to-run computers are the desk-top MCZ 1/50 and the rack-mounted 1/70. They use the company's Z80 processor with 64k bytes of random access memory, interrupt-driven console and floppy disc controller. The desk-top version has a CRT and integral dual floppy discs, expandable to four such discs and/or 10 megabytes of disc cartridge.

The other two machines are sub systems designed as modular building blocks for general purpose systems with business and industrial applications.

More from Babbage House, King Street, Maidenhead, Berks., SL6 1DU. (0628 36131.)

● AUTOMATION

## Small box controls functions

MICROPROCESSOR based process controller Micon P-200 from DRD Measurement and Control can offer selections from more than 50 pre-programmed control functions and control of eight loops, with status information displayed on the six inch square front panel.

The required functions are selected and the data entered on a simple pushbutton panel at the side of the unit, the operator being guided by the self-prompting display just above. In this way, rapid on-line control changes can be made without aditdional software or equipment such as local data entry or display units.

Each controller is completely self-contained with its own power supply and a full operator interface, including deviation indication for each loop, alarm monitoring and accurate numerical displays. Mode selection, set point changes and output manipulation are all carried out directly on the front panel in ways entirely familiar to control personnel.

Each controller can communicate with up to eight others to pass control and display data, and 32 units can be connected to a central coloor crt console.

More from 22, Ephraim Road, Tunbridge Wells, Kent TN1 1ED. (0892 39347.)

● HANDLING

## Prevents jamming of stop valves

PLANT ENGINEERS responsible for handling abrasive bulk solids and slurries can solve the problem of jamming stop valves with a power-operated valve which avoids the problems of seal damage associated with traditional knife blade valves, and of material obstructions which can occur with butterfly valves.

In one operation the Macawber dome valve closes through a static or dynamic head of material and gives a pressure-tight seal, even with materials at temperatures of up to 480 C. In approved applications, the valve is rated for 180,000 cycles between inspections. This level of performance has been achieved through six years of experience with the valve in the field.

The dome valve was originally developed as an integral component of Macawber's pneumatic conveying system—the Denseveyor—and the decision to market the valve as a product in its own right follows an increasing demand from engineers who have seen its performance on Denseveyor systems.

It is available in two standard versions for bulkhead or in-line use.

Macawber Engineering, Ogden Road, Doncaster, South Yorkshire. 0302 20521.

● FARMING

## Low cost buildings

OFFERED FOR erection by farm staff is a utility building constructed from timber, and marketed by Farmplan Constructions, Netherton Farm, Brampton Abbotts, Ross-on-Wye, Herefordshire. (Ross-on-Wye 4321).

Four farmers are behind the company which is part of the Farmplan Group, and they believe that the building should provide cheap cover for any purpose.

Uprights comprise 200 mm x 75 mm timber posts sandwiched to measure 200 mm by 250 mm, and the roofing is of Galvaprime steel sheeting to provide 4.57 metres by 6.10 metre bays.

The building is designed to BS 5502 Class 2 and thus qualifies for full grant aid. The company offers erection at £4.30 per square metre, including the foundations.

Lovell
for construction
01-9951313

● MAINTENANCE

## Control of pests

DESIGNED FOR professional pest control work, a stainless steel pneumatic sprayer available from the Wellcome Pesticides Division is called the "Hudson Tek"; it is for use with Wellcome's latest residual insecticide, Coopex. The complete sprayer which has undergone extensive field trials in the UK, can be dismantled and cleaned without the use of any tools.

Equipped with a short, curved, heavy duty, brass lance which enables the most restricted areas to be treated, the unit has a 1-gallon capacity tank with a cover which seals from within so that the higher the pressure the tighter the seal.

The delivery hose is of clear polyvinyl chloride reinforced with nylon and fitted with hose sleeves at either end to prevent kinking. Full details of the equipment can be obtained from Wellcome at Crewe Hall, Crewe, Cheshire CW1 1UB. (0270 583151).

## No need to close plant

THE mechanical engineering contracting member of the Capper Neill Group, Capper Pipe Service, has set up an industrial plant maintenance service specialising in pipe freezing techniques. Complicated repair jobs can be carried out without shutting down the whole plant.

Liquefied gases are used to freeze the contents of industrial piping and when the contents solidify, engineers are able to work on the piping while the rest of the plant is operating. The service is operated from Unit B, Eaglescliffe Industrial Estate, Eaglescliffe, Cleveland (0642 786565).

# CONTRACTS AND TENDERS

## SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA MUNICIPALITIES SECRETARIAT

### BIDS INVITED FOR INTERNATIONAL TENDER TO CONSTRUCT PUBLIC ZOOLOGICAL, BOTANICAL AND RECREATIONAL GARDENS

The Municipality of Tripoli, in the Socialist People's Libyan Arab Jamahiriya, invites international companies specialised in all aspects of the construction of public gardens, to submit their bids in respect of an invitation for a international tender to build the Zoological Gardens in the Al-Nasr Forest, Tripoli. This work entails a zoological garden, botanical gardens, a recreational and sports complex; the nature of the works imply that the tenderer shall have broad experience in the execution of such projects and shall have an established capability in the field of business and similar contracts in general terms.

**BIDS**

Tenders must be submitted as an integrated project on a fixed price basis as per the contract terms, in accordance with the conditions, specifications, bill of quantities and other tender documents.

A tender shall be considered to be in force and incapable of withdrawal for a period of six months with effect from the last date set for the submission of bids.

The Municipality shall have the right to accept or refuse any bid without the need to provide its reasons therefore or furnish any sum in compensation.

**SPECIFICATIONS**

A copy of the tender specification may be obtained from the following, for a sum of 2,000.000 (two thousand) Libyan dinars, non returnable.

Tripoli Municipality, Tripoli,
Socialist People's Libyan Arab Jamahiriya.

or obtained from the Information Department,
The Libyan People's Bureau of
the Socialist Libyan Arab Jamahiriya,
5 St. James Square, London, SW1.

**BID DEPOSITS**

Each bid is to be accompanied by a preliminary bond in the form of 1% of the value of the tender; it may be submitted in cash to the Municipality exchequer, or by bank cheque, or by letter of guarantee issued by a bank operating in the Socialist People's Libyan Arab Jamahiriya. A letter of guarantee must be valid for at least three months beyond the currency period of the tender.

**CLOSING DATE**

A tender must be placed in an envelope sealed with red wax, inscribed thereon Tripoli Municipality, Socialist People's Libyan Arab Jamahiriya, and deposited at the tenders office prior to the date set for the opening of envelopes, which is: 24 February 1980, twelve noon (8/3/1389A.H.). This time and day is the last date for acceptances of bids. If it should happen that this day is an official holiday, the set date shall be that immediately following, and at the same place and time previously indicated.

## INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

(I) INVITATION TO TENDER

Tenders are invited for the urgent supply of 4,587 tonnes of bagged wheat flour for delivery on a f.o.b. stowed and trimmed basis to an EEC port for subsequent delivery to Egypt/Somalia. Delivery shall be in time to enable loading to commence no earlier than February 27 1980 and to end on or before a date which will allow shipment from the port to take place no later than March 26 1980.

(II) INVITATION TO TENDER

Tenders are invited for the urgent supply of 1,000 tonnes of bagged soft wheat for delivery on a f.o.b. stowed and trimmed basis to an EEC port for subsequent delivery to Nepal. Delivery shall be in time to enable loading to commence no earlier than February 27 1980 and no later than March 4 1980.

The price for the supply and transportation costs of the cereal for both tenders will be determined on examination of the tenders which must be submitted by 12 noon on February 12 1980 to:

Home-Grown Cereals Authority
Hamlyn House
Highgate Hill
London N19 5PR

Notice of invitation to tender together with the tendering forms may be obtained from:

Branch B (Cereals)
Internal Market Division
Intervention Board for Agricultural Produce
2 West Mall
Reading RG1 7QW
(Tel: Reading 583626 Ext. 284)

# COMPANY NOTICES

## PACIFIC BASIN FUND

10a, Boulevard Royal, Luxembourg

### 1. Notice to Shareholders

At 31st December, 1979, the net assets of the Fund amounted to US Dollars 10,888,622 and were represented by:

| | | % |
|---|---|---|
| —Investment Portfolio: (Cost: US$8,276,011) Market value: | US$ 9,641,379 | 88.55 |
| —Cash in bank and deposits | US$ 1,005,196 | 9.23 |
| —Accounts receivable | US$ 303,017 | 2.78 |
| —Less: accounts payable | US$ (60,970) | (0.56) |
| Total net assets | US$10,888,622 | 100.00 |

The net asset value per share of the 850,465 shares outstanding was US Dollars 12.80.

The investment portfolio was geographically distributed as follows:

| | |
|---|---|
| Australia | 20.57% |
| Hong Kong | 15.72% |
| Japan | 10.22% |
| Philippines | 1.41% |
| Singapore | 22.20% |
| Malaysia | 18.43% |
| Total | 88.55% |

Since the inception of the Fund on 9th February, 1979, its operations resulted in an increase in net assets amounting to US Dollars 2,390,828

The above figures are unaudited.

### 2. Dividend Notice

Pursuant to a resolution of the Board of Directors of Pacific Basin Management Company S.A., a dividend of US$0.15 per share will be paid on 30th January, 1980, on all shares in issue and outstanding at 15th January, 1980.

Coupons Nr. 1 of bearer share certificates have to be presented to the Paying Agent, Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg, 10a, Boulevard Royal, Luxembourg.

Dividend cheques will be sent to registered Shareholders.

Copies of the prospectus and Semi-Annual Report at June 30, 1979 of Pacific Basin Fund can be obtained at the offices of the sponsors:

—Banque de Paris et des Pays-Bas, 3, rue d'Antin, 75002 Paris, France.
—Euro-Kuwaiti Investment Company K.S.C., Al Salim Street, P.O. Box 228, Kuwait.
—M & G Group Limited, Three Quays, Tower Hill, London E.C.3, England.
—Joseph Sebag & Co. (Far East) Limited, 1001 Hutchison House, Hong Kong.
—Watson & Co., 1506 Gammon House, 12 Harcourt Road, Hong Kong.
—Yamaichi International (Europe) Limited, St. Alphage House, 2 Fore Street, London, E.C.2, England.

Annual Reports and accounts at 31st December, 1979 will be available as from 1st April, 1980.

Luxembourg, 15th January, 1980. PACIFIC BASIN MANAGEMENT COMPANY S.A.

## HABIT PRECISION ENGINEERING LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar.

All documents for registration and correspondence should in future be sent to the address below.

D.M. WADDELL
Secretary

Lloyds Bank Limited,
Registrars Department,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA.
Telephone: Worthing 502541
(STD code 0903)

Lloyds Bank Limited

MICRO-PROCESSORS: MANAGEMENT ASSESSMENT

Infotech Technology Briefing
London
18-19 March and 13-14 May 1980

The advent of microprocessors is causing a revolution of greater magnitude and significance than the Industrial Revolution of the 19th century. It is therefore essential for managers throughout the commercial and industrial world to understand the drastic changes that are taking place. This new Infotech Technology Briefing has been specially designed to prepare all levels of management for handling the impact of the microprocessor revolution.

For full details phone
Liz Moore on 0628 39101
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Nicholson House
Maidenhead
Berkshire England SL6 1LD
Telex 847319

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B. 4880 — SPA — Belgium - Tel: 087 77 22 09

"THE ABSORPTION OF YOUTH IN THE 1980's"

AIESEC, the International Association of Economics and Business Students, are running a SEMINAR on this current problem on 1st & 2nd APRIL 1980, in BIRMINGHAM

For information contact Peter Bourne
021-472 1301 ext. 3131

# PUBLIC NOTICES

CITY OF BRISTOL
VARIABLE RATE REDEEMABLE STOCK 1982

The Council of the City of Bristol announces that the half-yearly payment of interest on 1st May, 1980 on the above Stock will be at the rate of £6.05 (less income tax) per £100 of Stock.

25th January, 1980.

LONDON BOROUGH OF CAMDEN
VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 27th January, 1980 to 27th July, 1980 the interest rate on the above stock will be £17.2500% per annum.

# TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 U.K. airports. Brochure FALCON 01-351 2191.

# CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

# LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that

1. Stewart Salmon and Company Limited of 16 Hans Road, London SW3 1RS and 4 Old Park Lane, London W1Y 4AQ has relinquished the Principals' Licence issued pursuant to Section 3 of the Act, having ceased to carry on the business of dealing in securities.
2. Mr. T. Soon Shiong has made application to the Department of Trade pursuant to Regulation 8 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S.R. & O 1944 No. 541) for the release of the £500 13¼% Treasury Stock 1997 deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, SW1, not later than 13th February 1980.

# BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## small high technology company WANTED

Major U.S. corporation with annual sales of approximately $1 billion wishes to invest in or acquire high technology U.K. company which meets following criteria:

* Manufacturer of small precision industrial or aerospace products
* Strong management team
* Turnover £2-5 million

U.S. corporation wishes to add high quality instrument technology to the acquired company to serve rapidly developing European market. Additional financing available from U.S. corporation.

Replies treated strictly confidentially.
Please reply to Ref. CGJ,
Extel Advertising & PR Limited, Hazlitt House, 4 Bouverie Street, London EC4Y 8AB

## DESIGN & MANUFACTURE OF MACHINERY

We are a soundly based medium sized engineering company, manufacturing well established ranges of production machinery. We have full design capabilities and modern equipment with cranage to ten tons. We are now seeking enquiries for the design and manufacture of machinery to customers' special requirements or the manufacture of equipment to customers' drawings. All enquiries will receive expert attention from our team of sales engineers. Please write to:

Box No. FT/602, c/o Hanway House, Clark's Place, London EC2N 4BJ.

## £1.3 MILLION CAPITAL LOSSES

Capital losses available for sale of just over £1,300,000.

Please write to company's adviser

Box G5228, Financial Times
10 Cannon Street, EC4P 4BY

## Are industrial flooring problems getting under your feet?

They are? Then look no further. Lamacrest have all the answers at their fingertips. Epoxy floor screeds, heavy duty degreasers, clear lacquers, non-skid finishes, jointless decorative flooring and self-levelling materials.

To walk all over your flooring problems ring our Advisory Department now!

LAMACREST

Lamacrest Limited, Crown Works, Cold Bath Road, Harrogate, Yorkshire HG2 0NR. Tel: (0423) 66656.

## FOR DISPOSAL

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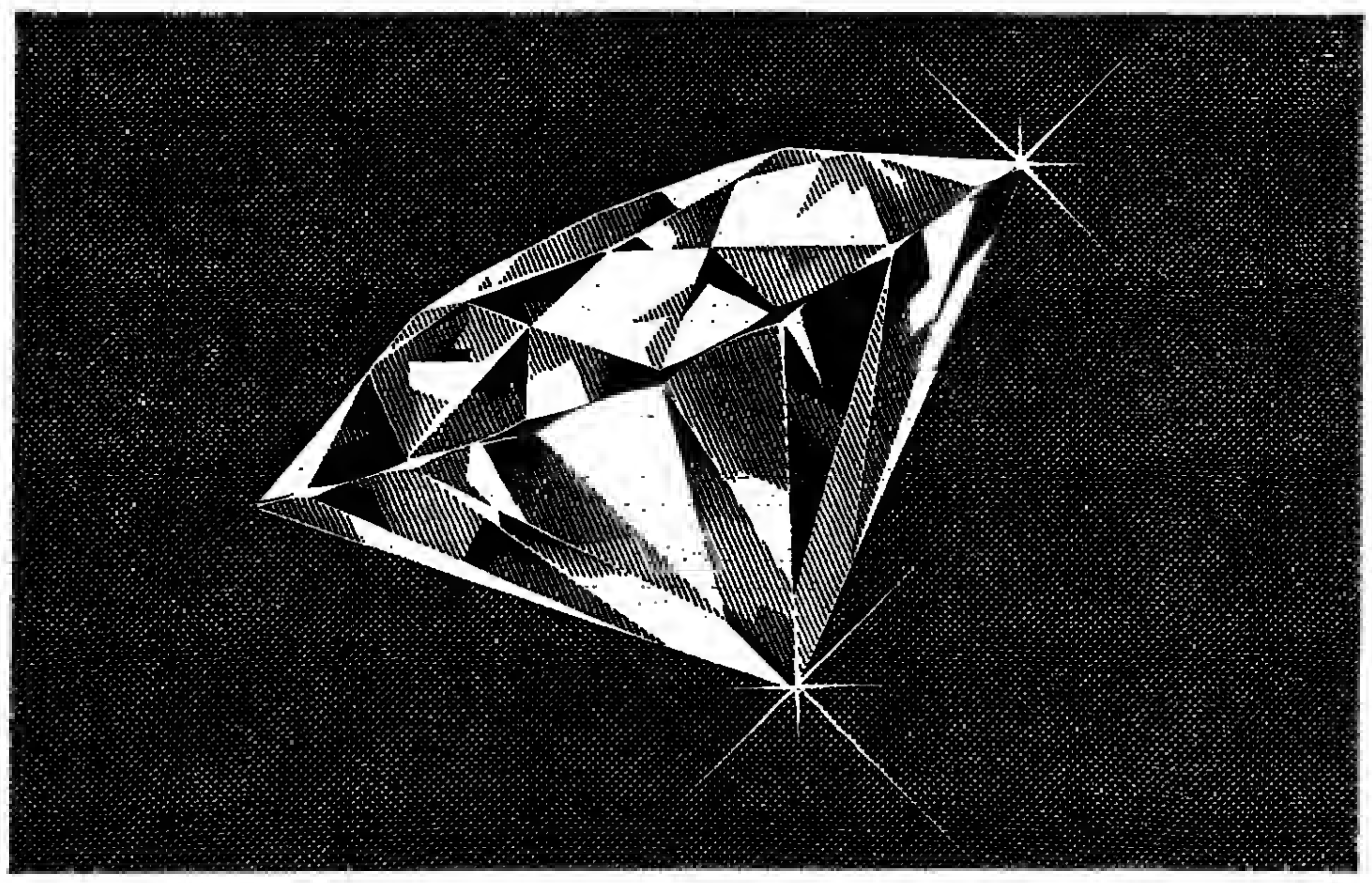

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THE JOBS COLUMN

# Official study ranks chalks above cheese

BY MICHAEL DIXON

REFLECTING ON the confused behaviour of modern youth, the eminent social scientist Erik Erikson doubted that so many young people would act in that way if someone had not given them the idea that they were supposed to have an identity crisis.

In the same way, I'm wondering whether the UK's employment position would be so confused if someone had not given large chunks of the community the idea that we could have comparability of pay, as enshrined in the Clegg Commission.

Regular readers of this column will know that since the middle of last year, the commission has been trying to determine what teachers of various kinds are worth in salary terms by comparison with staff in industry, commerce and the Civil Service. To aid its deliberations, the commission ordered a "job-evaluation" study to be carried out by a method which the Inbucon management consultancy has been successfully applying in industrial and commercial companies for 14 years.

In applying the method to teachers, the consultancy took descriptions of the work involved in 20 "representative" educational jobs — from the heads of the biggest comprehensive schools to the basic grade of nursery teaching — and mingled them with similar descriptions of 40 managerial, specialist and clerical jobs in industry, commerce and the Civil Service.

There were then set up six panels, each of 13 judges. Each panel consisted of five representatives of teachers' unions, five representatives of the employing local education authorities, and three members deemed to be independent. Three of the panels were concerned, respectively, with further education staff, secondary-school teachers, and primary-school staff in England and Wales. The other three were concerned in the same way with the three main groups of teachers in Scotland.

The descriptions of the relevant teaching, and of the non-educational jobs were allocated among the judges in a way that Inbucon says makes collusion impossible. Each teaching post was compared with each of the other jobs, and a ranking drawn up according to the panel-members' judgment of the different jobs' relative importance. The criterion used to determine importance was the "size" of the job, in terms of the demands it made on the person doing it.

The results, just disclosed by the Times Educational Supplement, make stimulating reading. The panel dealing with secondary-school staff in England and Wales, for instance, put at the top of its ranking the head teacher of the largest kind of comprehensive with around 2,000 pupils. The next four places went to the principal of a college, an assistant secretary in the Civil Service, a solicitor in the same service, and a director of research and development in industry.

Sixth came the head of a school of about 1,000 pupils, followed by an industrial chief engineer. Eighth was the head of a school with around 500 children, followed by the company secretary of a group of concerns, a principal in the Civil Service, and a financial director in business.

Twelfth came the deputy head of a 1,400-pupil school, followed by a production manager. Fourteenth place went to the deputy head of a school with roughly 750 children. Next were a branch manager with a building society, a chief accountant, a sales department manager, and an "assistant ordinary business manager" (whatever that is). Nineteenth was the deputy head of a school with around 400 pupils, followed by a Civil Service architect, followed by a senior teacher, and so on.

## Eccentric

Even though a very similar result was produced by the separate panel concerned with secondary-school staff in Scotland, I suspect one or two readers may be thinking that the above ranking is somewhat eccentric. Why, for example, should a Civil Service principal (which is the lowest of the service's "high-flying" grades) be placed above a company financial director?

Lacking the job-descriptions used by the judges, I cannot clear up such questions. But details of that sort seem less significant than does one overall feature of the ranking.

It is that the educational jobs appear in the ranking in the same sequence as they appear in the conventional pecking-order of teaching posts. To some extent, the same seems true of the Civil Service jobs. And the reason for this may well be that the pecking-orders of these two occupational categories reflect the criterion used by the panels to determine the relative importance of the different jobs—the demands made by the job on the person doing it.

But it is plain that the same civilised criterion does not reflect the pecking-order of industrial and commercial jobs, which have clearly been almost ridiculuously mis-ranked by the judges.

Now, as it happens, it is the practices of industry and commerce which are the basis for the commission's work in trying to determine the "comparability" of pay in the public services. So if the criterion used by the job-evaluation exercise, results in rankings which do not reflect industrial and commercial practices, then the criterion must be presumed to be wrong. And so it is.

The criterion is artificial, in the sense that it ranks the jobs according to how hard those doing them have to work to cope with the demands made on them. But the real purpose for which jobs exist is surely to get necessary tasks done to a requisite standard. Provided that this is accomplished, how hard the job-holder works in accomplishing it is of very secondary importance.

An apt illustration here is the so-called Prussian approach to Army recruitment. Candidates were assessed on two attributes—whether they were clever or stupid, and whether they were lazy or hardworking—with the following results:

The clever lazy recruits swiftly rose to become generals. The clever hardworking people remained as middle-rank officers. The stupid lazy folk stayed in the lowest rank. Stupid hardworking ones never got into the Army, because they were shot before they could do any more damage.

The same principle ought surely to be applied, if less drastically, to all employment. It is not, of course; not even in industry and commerce. But it is applied there far more extensively than it seems to be in the public services, especially education where virtually the last thing a teacher can be sacked for is incompetence at his or her job.

To the taxpayer who finances and the child who consumes education, the head of a small school who runs it well by working six hours a day, is worth immeasurably more than the head of a colossal comprehensive who puts thrice as much time into running it badly. But the ranking drawn up for the Clegg Commission does not permit that crucial distinction to be made between the heads, even though it confidently values them more highly than a company financial director.

The root of the nonsense lies in the educational pecking-order, which is clearly inappropriate in various ways. For another instance, its rigid salary grades are importantly to blame for schools' desperate shortages of people capable of teaching mathematics and so on, whose services are also in demand by business concerns. If the education system could offer competitive pay and conditions to teachers specifically with the needed skills, the shortages could at least be eased. But this cannot be done without affording similar rises to all teachers, including the arts-based majority who with the fall in the pupil population, are becoming increasingly surplus to requirements.

In sum, the Clegg Commission's job-evaluation has demonstrated only one sensible thing. It is that, until the present pecking-order is scrapped and replaced by a structure which reflects what the nation needs by way of an education system, the pay and conditions of teachers simply cannot be made "comparable" with those of employees in industry and commerce.

APPOINTMENTS

# New general manager for Lloyds Bank overseas division

Mr. P. B. L. Clark has been appointed general manager of the overseas division of LLOYDS BANK. He succeeds Mr. D. W. Kendrick who retires at the end of April. The new assistant general manager of the division is Mr. P. B. F. Emmerson. Mr. G. W. Mackworth-Young has been made a non-executive director of Lloyds Bank and Lloyds Bank UK Management.

★

Mr. Norman Gray, a member of the Board of TIOXIDE GROUP will retire shortly after 34 years service. The following consequential appointments are announced. In BTP Tioxide, the operating subsidiary company in the UK, Dr. Keith Sugars becomes chairman from February 1, retaining his present appointment as managing director. In France, Mr. Jacques Gateaux has been elected president-directeur-général of Tioxide SA.

★

Mr. Douglas Wills has been appointed managing director of WELTON HOUSE ESTATES, and will be primarily involved in the development of the 150 acre Daventry Park scheme.

★

The supervisory board of RUHRGAS AG has appointed Dr.-Ing. Burckhard Bergmann vice-member of the Executive Board. He will be responsible for the purchase of gas.

★

Mr. Hugh Palin is to become executive chairman of the MOTOR CYCLE ASSOCIATION OF GREAT BRITAIN. He will take up his responsibilities in February and will resign from Skoda (GB) where he has been responsible for purchasing in Britain for the Czech automotive industry.

★

Mr. Anthony Moeller has been appointed managing director of W. M. STILL AND SONS and Mr. F. W. Still has been made deputy chairman. W. M. Still and Sons heads the catering equipment division of UKO International.

★

Mr. George R. Armstrong has been appointed chief finance officer for BRITISH RAIL SCOTLAND in succession to Mr. Robert Skinner who is now senior finance officer (budgets) at British Railways Board headquarters, London.

★

Mr. Joseph J. Buttigieg III, vice-president and senior international banking officer of Manufacturers National Bank of Detroit, and a representative with Manufacturers' London office, has been seconded to ATLANTIC INTERNATIONAL BANK, as assistant general manager, from February 1. Mr. Buttigieg will continue as a representative of Manufacturers Bank in London.

★

Mr. John Cress has been appointed director of personnel of the WALL'S MEAT COMPANY from February 1. He was previously deputy head of personnel. He replaces Mr. Christopher Foy, who has joined the Board of Van den Bergh & Jurgens.

★

Mr. Paul Maynard has been appointed sales director of LAKE & ELLIOT JACKS & EQUIPMENT of Braintree, Essex.

★

Mr. Patrick Ault has joined the Board of R. H. BARDEN (INSURANCE BROKERS). He was formerly investment director of the Excess Insurance group of companies.

★

T.P.T. has made the following appointments from February 1: Mr. Jack Lawson becomes deputy chairman, Mr. Alec Coverley is made managing director, Board division, and Mr. W. A. (Bill) Jones is appointed managing director, general products and can division.

★

Mr. B. C. Jessop has joined the Board of STOTHERT & PITT. He was managing director of Herbert Terry and Sons. He is also appointed managing director of the general engineering division and is responsible for the activities of the Stothert & Pitt pump group, the Feeder Road factory in Bristol, Torrance & Sons of Bitton and W. & F. Wills of Bridgwater. Mr. Jessop takes over from Mr. R. L. Mortimer, who has become managing director of the contractors' plant division.

★

Mr. John Howard, general cargo manager with the Mersey Docks and Harbour Company, has been appointed chairman of the LIVERPOOL DOCK LABOUR BOARD which controls the employment of dockers at the port. He succeeds Mr. Jimmy Symes, district docks secretary of the Transport and General Workers' Union. The Dock Labour Board consists of equal representatives of six from the employers and the union and the chairmanship alternates.

★

Mr. Richard D. Carano, formerly senior manager of projects and director of operations for FLUOR OCEAN SERVICES in London, has been promoted to vice president and managing director.


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The present Director has served the Foundation since 1963 and is to retire later this year. The Director is responsible to the Governors and through a committee structure for the management of its various activities and for proposing policies and plans for their further development.

Established more than 40 years ago, the Foundation comprises a training college which provides a variety of up-to-date residential vocational training courses for disabled men and women, a residential sheltered workshop, an assessment and further education centre for severely handicapped school leavers and a holiday and convalescent home for paralysed people. Certain grants are recoverable from central and local government, but otherwise the Foundation, which has an operating budget of over £1½ million, has to rely largely on voluntary public support. Headquarters are near Leatherhead.

The new Director will need to be a competent manager and administrator, able to control all aspects of finance and promote the Foundation's work to government and industry. He or she should be a graduate and preferably aged 40-45. The Governors wish to attract someone who has already made his or her mark in senior general management and preferably with an industrial background. Applicants will already be sufficiently interested in voluntary and welfare work to be prepared to accept some personal sacrifice in earnings and forsake their future career prospects for the satisfaction of being able to help with the many problems facing disabled people.

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## COMPANY NOTICES

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(Incorporated in the Republic of South Africa)

DIVIDEND NO. 89
ON SHARE WARRANTS TO BEARER

Pursuant to the Notice published on 7th December, 1979, members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 7th February 1980, is 1 Rand of 100 cents equals 53.562667p United Kingdom Currency. *The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 187.4693p.*

Holders of Share Warrants to Bearer are informed that payment of dividend No. 89 will be made on or after 8th February, 1980, upon surrender of Coupon No. 89 at the London Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ.

| | Amount Payable per share (U.K. Currency) p |
|---|---|
| Equivalent in United Kingdom currency of dividend declared | 187.4693 |
| Less: South African Non-Resident Shareholders' Tax at 15% | 28.1204 |
| AMOUNT PAYABLE WHERE A UK INLAND REVENUE DECLARATION IS LODGED WITH COUPONS | 159.3489 |
| Less: United Kingdom Income Tax at 15% on the gross dividend (see Notes 1 and 2 below) | 28.1204 |
| AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS | 131.2285 |

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED,
London Secretaries,
D. W. J. PHILLIPS, Secretary.

99 Bishopsgate,
London EC2M 3XE.
28th January, 1980.

NOTES:
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 187.4693p.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the standard rate of 30% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders Tax.

NOTICE OF EXTRAORDINARY GENERAL MEETING
DISCOUNT BANK INVESTMENT CORPORATION LTD.
16 Beth Hashoeva Lane, Tel Aviv, Israel

NOTICE IS HEREBY GIVEN that on 10th February, 1980 at 8.30 a.m. an Extraordinary General Meeting of the Shareholders of Discount Bank Investment Corporation Ltd. will be held at the registered office of the Company at 16 Beth Hashoeva Lane, Tel Aviv, in order to adopt the following resolutions:

1. (A) To transfer from the existing capital reserves of the Company to a reserve for a capitalisation issue of shares an amount necessary for the making of a capitalisation issue of shares at the rate of 30 per cent. on the nominal value of shares held by shareholders of the Company on the register on 18th February, 1980 and to approve the issue of shares at the above rate.

(B) The shares to be so issued will rank pari passu with the existing ordinary shares of IL. 5 each and will entitle their holders to any cash dividend and/or capitalisation issue of shares, if declared in respect of the financial year of the Company starting on 1st January, 1980. No fractions of ordinary shares will be issued, such fractions will be cancelled.

2. (A) To transfer from the existing capital reserves of the Company an amount of IL. 28,226 to a special reserve for a capitalisation issue of shares for the purpose of making a capitalisation issue of shares to the debenture holders of series 72 H and when such debenture holders will convert their debentures into shares of the Company.

(B) To empower the Board of Directors of the Company to make out of the above reserve a capitalisation issue of shares of IL. 5 each to the debenture holders of series 72 H and when such debenture holders will convert their debentures into shares of the Company.

DAVID S. COHEN,
Secretary of the Company.

22nd January, 1980.

Notes:
1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of him. A person appointed as a proxy need not be a member of the Company.
2. The bearer of a Share Warrant may deposit the warrant at the office of the Company or at Warburg Registrars Ltd., Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time of the meeting. The depositor shall be entitled to attend and vote at the above Meeting.


A FINANCIAL TIMES SURVEY

## BREWING INDUSTRY
### MARCH 4 1980

The Financial Times is proposing to publish a Survey on the Brewing Industry to precede the "Brewex '80" Exhibition in Birmingham. The editorial synopsis is set out below:

Introduction The brewing industry begins the 1980's freed from the threat of price controls but faced instead with economic recession. How does the industry plan to cope with the problems ahead?

Beer Trends in beer consumption, including the prospects of a revival of the real ale movement in the next few years.

Lager Prospects for the market in the 1980's.

Structure of the Industry
a) The major brewers
b) The medium-sized and regional brewing groups
c) The independent brewers.

Editorial coverage will also include:
*Investment*
Brewing, Bottling and Canning Machinery
Labour Relations
Overseas Market
The Brewers' Society
The Public House
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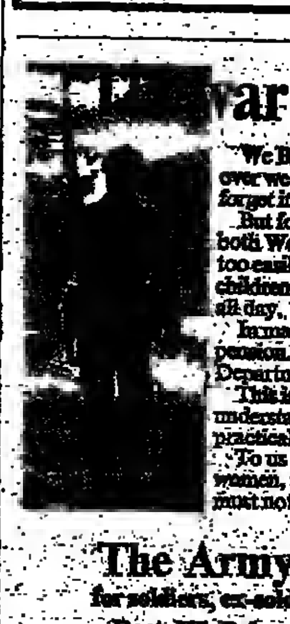
For further information and details of advertising rates please contact: Simon Theakston, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. Telephone: 01-248 8000 Ext. 453. Telex: 885033 FINTIM G.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.



ar that never ends

"We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it.

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The Army Benevolent Fund
for soldiers, ex-soldiers and their families in distress
Dept. FT, Duke of York's HQ, London SW3 4SP

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ


John Armstrong, Urwick Orr


Len Brooks, Inbucon


Kenneth Hampton, PA International


Ian Hancock, Coopers & Lybrand


Anthony Howitt, Peat Marwick Mitchell


Hugh Lang, PE


Adrien Petit, Institute of Management Consultants


Harry Roff, MSL

## Whither management consultancy?

BY JASON CRISP

IN PRIVATE, Britain's management consultants admit to feeling rather green around the gills as they look ahead to the choppy waters of the next year or two. In public they are remarkably cheery.

Well yes, they say, the market will contract a bit but it won't affect us much. It will be the sole practitioner who will really feel the pinch . . . or it will be the highly specialised firm . . . or the generalist . . . or the large company with high overheads.

It all depends upon who you are not.

Management consultants are no more fond of recessions than anyone else; indeed at times they have more reason than most to be worried. Whisper 1971 in the plush corridors of some of the larger firms, and the whole building will shiver.

After nearly ten years of strong and steady growth through the Sixties the consultants had become more than a little self satisfied. When the downturn came, hundreds of professionals were cast out of their comfortable offices and on to the street.

With hindsight most management consultants agree that life had been too easy in the Sixties. As one put it, "Business just walked in the door and people became careless." It was also a time when many consultants, in their role as witch doctors, were most occupied with gimmicky techniques and broad generalist work. Their excesses eventually gave them rather a bad name.

In the long run, a number of consultants believe this was to the good because it demystified their profession—not that all the gimmicks have gone even now. Whereas in the 1960s the tendency was for companies to be slightly in awe of consultants who would be called in to make 'general improvements,' the 1970s saw a marked shift into specialisation.

Most consultancies — ranging from the large companies to the sole practitioner—report that most companies now know exactly what they want and will ask them to perform a specific project. One of the reasons appears to be that the great growth in management education, especially of the business schools, has raised the professionalism of British managers, who are now far less likely to be in awe of any consultant.

The past decade saw considerable changes in consultancy, with an acceleration during the second half. The recovery from the 1971 shake-out had hardly taken a grip when, in 1973-74 the business again went into decline with the advent of the oil crisis.

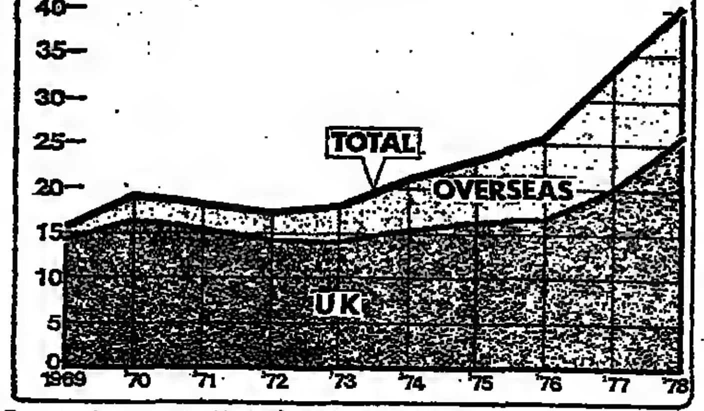
The net income of members of the Management Consultants Association has grown steadily and over the past two years very rapidly indeed.

Nevertheless, in real terms—even taking it from the low point of 1974—the UK income of members of the MCA has continued to contract. The real boom has been seen in work done overseas, which in the past ten years has risen sevenfold; the Middle East and Africa have been particular growth points.

### Pressures

This does not give a total picture, however. PA, by far the largest firm, is not a member of the MCA. PA's fee income of £40m (billings £50m) is almost as big as the combined membership of the MCA.

The MCA figures also do not reflect all the competitive pressures which have grown over the decade. For one thing, there has been a strong growth in sole practitioners and small firms who are not normally members of the MCA. Anyone can call himself a management consultant — and unemployed executives often do—but there is now a considerable band of individuals who have worked for the large firms before striking out on their own as individual specialists.



Ten year fee income of 18 member firms of MCA (excluding more recent members)

Another source of competition to the established firms has been those large companies who have set up a department of internal consultants — Unilever's now works for outside companies as well, for example. There is also a growing band of business academics who keep in their hand with part-time consulting.

The traditional areas of work study and production engineering, the main root of many a consultancy, have faded. In the ascendancy have been personnel, distribution, management recruitment, finance and administration, and data processing.

The employment laws of the early and mid-1970s were of double benefit to the consultants. They encouraged companies to call them in to help reappraise personnel policies and to train managers in the new regulations and requirements. Companies also became much more aware of the value of careful personnel selection, and turned to consultants for help.

The considerable growth in the data-processing activities of many of the general consultancies demonstrates how the lines between them and the more specialist sources of expertise are becoming blurred. In this particular field they will be competing as much with software houses as with each other. To quote John Armstrong, managing director of Urwick Orr: "When do management services end and consultancy begin?"

The continuing growth in specialisation has brought problems to the consultants, particularly the need continually to stay in front. "I am absolutely clear that clients are requiring higher and higher specialisation from the consultants," reflects Kenneth Hampton, managing director of PA International, "and this trend is accelerating strongly."

He says he believes that PA is able to provide most of its specialisations in-house. But not all his smaller competitors concur: Urwick Orr's John Armstrong says: "I don't think any consulting company can keep all the specialists it needs all under one roof; increasingly they will have to call on outside help."

However, most consultants do agree that the trend towards specialisation will continue through the 1980s. For example, Len Brooks, managing director of Inbucon — owned by Saul Steinberg's Reliance, formerly Leasco—says that it is inevitable that consultants will do more work in computer software and on the introduction of new technologies. He sees energy management, a new growth business for Inbucon, as continuing to increase. So should the relatively untried areas of social responsibility and environmental issues.

**LEAGUE TABLE—UK FULL-TIME PROFESSIONALS†**

| Ranking | | No. of Professionals |
|---|---|---|
| 1 | PA Management Consultants | 501 |
| *2 | Inbucon/AIC Management Consultants | 350 |
| *3 | Coopers & Lybrand Associates | 200 |
| *4 | PE International | 181 |
| *5 | Peat, Marwick, Mitchell | 135 |
| *6 | Urwick, Orr & Partners | 120 |
| *7 | Arthur Anderson | 107 |
| *8 | Price Waterhouse Associates | 86 |
| 9 | Knight Wegenstein | 82 |
| 10 | McKinsey | 74 |
| *11 | Deloitte, Haskins & Sells Management Consultants | 70 |
| *2 | UIMC (Unilever) | 60 |
| *13 | The Economist Intelligence Unit Limited | 55 |
| *14 | Hay-MSL Limited | 54 |
| : | Stanford Research Institute | 50 |

* Member of the Management Consultants Association
† Source: Management Consulting Services Information Bureau, which provides a reasonable guide but makes no claims to be definitive

Of the existing areas, most consultants see technology and personnel as continuing to grow as fast as in the 1970s. Harry Roff, managing director of MSL and the immediate past chairman of the Management Consultants Association, says: "I see considerable growth in work on the management application of technology. Personnel and industrial relations work will hold up well, although the emphasis within it may change."

A particular feature of the specialisation trend has been the growing strength of the consultancy subsidiaries of the big accountancy firms. Outside what was known as the "Big Four" consultancies—PA, PE, Inbucon and Urwick Orr—the accountants feature strongly. According to the British Institute of Management's Consulting Services Information Bureau which advises BIM members on choosing a consultant, Coopers rates as the third biggest. In the U.S. there has been a similar trend: seven of the top 15 firms, according to Consultants News, are subsidiaries of accountancies.

A long investigation in the U.S. under Senator Metcalf found that there was indeed a conflict of interest between the consultancy and auditing activities of the accountants, though there has been no government action on the matter nor is it generally expected that there will be.

Similar doubts are felt in Britain, notably by a number of the traditional consultants. Len Brooks, of Inbucon, says: "I find it incredible that the guy who is supposed to be auditing the books is also, with another hat, telling a company how to run its affairs. But I must congratulate the accountants for moving into it so well."

Partley because of current moves to unify the voice of management consultancy—the Institute of Management Consultants and the MCA are talking about merging — the traditional consultants are generally reluctant to attack the accountancy subsidiaries. In any case, their real objection is not so much over the conflict of interest with auditing—but that the accountancy consultants have a captive market among the companies they audit.

Hugh Lang, chief executive of PE, is keen to see the two bodies merge because he believes it is important that management consultancy has one voice. That voice, he thinks, should speak loudly too. "There is probably a total of 5,000 consultants in this country. That is 5,000 guns for hire as a mercenary problem-solving force, which is more than would be available from all the industrial companies put together."

However, both IMC and MCA are tiny organisations, one man and a secretary apiece.

There appears to be a general consensus among consultants of all shapes, specialisations and sizes, that demand for their services will grow through the 1980s. While they are duty bound to make such optimistic noises, their justification is that the new decade brings with it not only great uncertainties, but an accelerating rate of change with which their clients will need assistance.

It is less clear what the structure of the consultancy profession will turn out to be. Growing specialisation, together with the proliferation of very small firms, will continue to put pressure on the traditional consultancies, although there is no reason to believe that their ability to adapt is finite.

### Thrive

It is particularly in the short term that the larger consultancies see an intensification of competition. They expect the UK market to diminish by between 5 and 10 per cent this year. Most claim they will be able to hold their current position, though with no real growth.

Theoretically management consultants should thrive in a recession as companies turn to them for help. In practice, however, they do not; John Armstrong, of Urwick Orr, says that there is a close relation between fixed investment and the demand for consultants.

There would appear to be some time-lag in recession as established work is completed—though less than six months, says Armstrong. But the downturn is not offset by companies seeking help to get out of difficult financial straits. (It is an axiom of management consultancy that a company in difficulties will not turn to a consultant until it is nearly too late.

Len Brooks of Inbucon outlines some of the (strong) arguments why companies should use consultants in a recession. With interest rates at their present level many companies will be checking their investment and expansion plans and searching for greater internal efficiencies. In particular, he cites the need to examine credit control, the way cash is handled, inventory control, quality control, and material wastage. They should also be reducing the manufacturing cycle, improving distribution and increasing preventative maintenance. All of this should generate work for consultancies—which is not the same as saying it will.

Brooks believes a number of consultants will feel the draught this year, particularly those involved in capital projects such as factory and warehouse design project management, for government or quangos. But nobody doubts that demands for computer services will continue to grow apace.

With a potentially contracting market, for this year at least, it is inevitable that competition is going to hot up. In spite of the veneer of unity between the consultants through their trade association, the MCA, and their professional body the IMC, there is a highly competitive edge to the firms. They are frequently outrageously rude—and inaccurate — about each other.

Prohibited from advertising by MCA rules, the consultants have limited means by which they can market their services. It is the accepted wisdom that word of mouth recommendations and repeat business are the very basics of consultancy, and that advertising is not particularly cost effective.

However, a number of consultants are predicting the adoption of more aggressive attitudes during the year, with greater efforts being put into publishing reports, organising seminars and other "acceptable" means of promotion. When asked what the greatest attribute of a consultant should be, a recent candidate for a consultancy job replied: "To find new work."

He got the job.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A subsidiary of REPUBLIC NEW YORK CORPORATION

Consolidated Statement of Condition

December 31, 1979

| ASSETS | |
|---|---|
| Cash and demand accounts | $ 145,697,344 |
| Interest bearing deposits with banks | 907,737,443 |
| Precious metals | 200,038,509 |
| Investment securities | 439,171,916 |
| Federal funds sold and securities purchased under agreements to resell | 11,870,000 |
| Loans, net of unearned income | 2,145,498,412 |
| Allowance for possible loan losses | (38,999,460) |
| Loans (net) | 2,106,498,952 |
| Customers' liability under acceptances | 269,228,922 |
| Bank premises and equipment | 28,555,178 |
| Accrued interest receivable | 75,431,170 |
| Other assets | 231,082,626 |
| | $4,415,312,060 |
| Letters of credit outstanding | $ 221,744,628 |

| LIABILITIES AND STOCKHOLDER'S EQUITY | |
|---|---|
| Deposits | $3,300,267,885 |
| Short term borrowings | 99,845,228 |
| Acceptances outstanding | 273,896,896 |
| Accrued interest payable | 130,693,050 |
| Due to factored clients | 217,435,407 |
| Other liabilities | 88,329,008 |
| STOCKHOLDER'S EQUITY | |
| Common stock | 100,000,000 |
| Surplus | 100,000,000 |
| Undivided profits | 104,844,586 |
| Total stockholder's equity | 304,844,586 |
| | $4,415,312,060 |

The total investment in precious metals and the precious metal content of silver coins were substantially hedged by forward sales. The unhedged portion of this investment was $24.5million at December 31, 1979.

REPUBLIC NEW YORK CORPORATION
SUMMARY OF RESULTS

| | Year Ended December 31 1979 | Year Ended December 31 1978 | Three Months Ended December 31 1979 | Three Months Ended December 31 1978 |
|---|---|---|---|---|
| Income before securities gains (losses) | $33,777,510 | $28,090,941 | $10,651,592 | $7,851,265 |
| Net income | 31,633,751 | 26,629,445 | 10,036,000 | 7,326,325 |
| Earnings per common share (after dividends on preferred stock): | | | | |
| Income before securities gains (losses): | | | | |
| Primary | $8.99 | $7.52 | $2.92 | $2.08 |
| Fully diluted | 8.99 | 7.12 | 2.92 | 2.08 |
| Net income: | | | | |
| Primary | 8.34 | 7.06 | 2.73 | 1.92 |
| Fully diluted | 8.34 | 6.68 | 2.73 | 1.92 |
| Dividends declared | 2.00 | 1.52 | .50 | .38 |

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LOMBARD

# The CBI talks to women

BY HAZEL DUFFY

THE CONFEDERATION of British Industry is not an organisation which is normally associated with women. It was therefore a brave, if some might say foolhardy, decision for the CBI to line up its almost all-male team of directors and senior members earlier this month to discuss with an all-female audience what it calls the "economic realities" confronting Britain.

Brave, because it must have been obvious to the organisers that the occasion would emphasise the separate treatment of women in matters calling for serious discussion, and foolhardy in that the categorisation of women as such is a reflection of the failure of the CBI's own members to appoint women to positions of responsibility.

## Resentment

The chauvinism was not overlooked by a few members of the audience, who showed some resentment at being used by the CBI when it can hardly claim to have done very much for women. Where, for example, are the CBI's submissions to Government on the need for more nursery education, creches in factories and offices, or to their own members for the provision of training facilities for women wanting to return to work?

The CBI's answer is that its message—that we can only afford pay increases and/or higher public spending if these are paid for by increases in productivity—applies to everybody. That being so, why invite only women to a discussion session? Sir John Methven, CBI director-general, subtly wooed the audience by telling them that he and his colleagues wanted to learn from them about how best to put the message over, rather than telling them what to do. Sir John Greenborough, president, was perhaps more open when he summed up the purpose of the session by an extension of the famous dictum: "Educate a woman and you educate the whole family"—to "inform a woman and you inform the whole community."

But the most enduring impression left by the session was the paucity of women in senior positions in Britain—women of "influence and importance" as the CBI described them. The guest list included a handful of women MPs (and there is not much more than a handful in the whole House of Commons), a sprinkling of senior women in industry and business, and representatives of women's organisations and women's magazines, most of whom are still much more concerned with women in the home than women in the workplace.

The CBI could have cast its net a little wider, but short of getting the Prime Minister herself to come along, it could not have gone very much wider because there just are not that many more women in positions of responsibility in industry, or politics. In some of the professions, they tend to be slightly better represented, probably because if the job depends on qualifications, it is less easy to be overlooked on grounds of sex.

The need to tap a potentially new source of talent can never have been greater than in Britain today. Management can hardly be deemed to have been successful, particularly in manufacturing industry, where scarcely a women manager can be seen. Some of the fault undoubtedly lies with women—they frequently lack the confidence to take on responsibility, whether in the higher echelons of business or the trade unions.

But the fact remains that during the past decade, in spite of Equal Pay and Sex Discrimination legislation, and a higher proportion of women coming into paid employment than in any other country in the EEC, their advancement in industry has been miniscule. The Equal Opportunities Commission, even by its own admission, has been able to do very little, mainly because its powers are so restricted. In the U.S., for example, the onus is on companies to prove that they give equal opportunities to women, which frequently leads to the promotion of women.

Perhaps the time has come for the CBI to take its initiative further, and see what can be done to further the status of women in industry. That way, it will be able to communicate eventually with people rather than women.

# The hazards of tasting young wines

WINE

BY EDMUND PENNING-ROWSELL

HOW MANY wines can properly be judged at one tasting? The answer involves further questions. What kind of wines? And for what purpose is the tasting?

It is all very well for those of us who are essentially consumers to sample and pontificate on a long line of table wines, but quite another for a professional who has to place his money where his palate is. Most professional wine buyers, required to select from a run of young clarets or burgundies, would probably prefer not to sample—and, necessarily, resample—more than a dozen or so different wines at one session. And of course such wines are always spat out.

## Sampling

For amateurs the most difficult young wines to taste are vintage ports and champagnes: the rough spirit in the former and the acidity in the latter build up in the mouth. Sampling brandy of any age is arduous because in spite of expectoration, some goes down, which is why the professionals do it all on the nose.

Then, in the autumn, Christies' wine department arranged in their rooms a most interesting tasting of shippers' samples of 14 of the 1977 ports, now being generally offered and shortly to be bottled and shipped. The leading names were well represented — though neither Cockburn nor Quinta do Noval have declared 1977—as well as some of those in the second rank, such as Ferreira, Gould Campbell, and Rebello Valente.

Trade tastings are usually held in the morning, when the palate is assumed to be at its cleanest, but this one took place in the early evening. Even for members of the trade present it was a rare if taxing experience; and no less for those of us fortunately not called upon to make commercial decisions on such strong, fiercely powerful two-year-olds, fortified with about 20 per cent of 150-proof grape brandy.

The second-rank ports tended to be lighter, and therefore easier to taste, but Rebello Valente was an exceptionally big, fruity wine, somewhat clumsy at this stage. On the other hand I found the Gould Campbell rather lighter in colour and weight and well balanced. This seemed to be the view of others, too. It will be cheaper than the top names, as will the fairly light Delaforce, which I also liked.

The wines that at the moment are obviously very spirity, like Sandeman, Smith Woodhouse and Warre, were difficult to evaluate, though the quite spirity Graham had character. The Fonseca, which generally won high praise, was noticeably sweeter, stronger and more backward. Personally "on the night" I preferred the drier Dow and the more elegant Taylor, if such an epithet could be applied at this stage to wines that resembled the cart horse rather than the race horse.

Among the merchants offering these 1977 ports, Averys of Bristol has sent its customers notes on a blind tasting of the ten wines they are listing. Of the leading names the Croft, Fonseca and Taylor came out best; the Quarles Harris (not in the Christie tasting) and the Smith Woodhouse among the second rank. In-bond, ex-VAT prices range from £69-£47 a case.

The 1977 vintage is thought to be superior to the other pair declared in the decade—1970 and 1975—and possibly as good, and as slow to develop as the 1963s and 1955s. So whether one lays down the vintage, which is expensive, may depend not only on one's pocket but also on one's age group.

Owing to their relatively high strength and full-bodied qualities, young burgundies are also not easy to taste. Recently I had two opportunities to taste the 1978s: in London at the annual Louis Latour tasting, and in Beaune in the cellars of Remoissenet, through whom the big French firm of Nicolas buy their Côte d'Or wines, and whose agents in Britain are Averys. In London I sampled 25 wines, nine of them white, and four of the reds from the Beaujolais region. In Beaune I tasted 28 wines from the cask, ten of them white.

As white burgundy develops earlier than the red, and thus is easier to taste, so I found the 1978s excellent: fruity and lively, though some in Beaune, recently racked, were rather closed-up and dumb. As the Latour tasting was for the trade, the prices quoted are not relevant for retail buyers, but where the wines tasted in Beaune have been offered by Avery I give their in-bond Bristol prices per dozen.

Among white burgundies Latour have usually had a very attractive Meursault Blagny, and the 1978 was no exception: a fruity wine with plenty behind it.

In Beaune I particularly liked the full-flavoured Meursault Charmes (£81) and the more elegant Puligny - Montrachet (£69), though the Puligny Combettes (£84) was bigger and with more body, while the somewhat comparable Puligny Folatières of Latour had a lovely aroma and greater style. Both firms' Corton Charlemagne (Avery's £108) were redolent of new oak on nose and palate, and had all the "size" looked-for in this wine. Of the top whites, in Beaune I preferred the Chevalier Montrachet (£156) to the Montrachet (£219), which was more closed-up. Both are very expensive, but their prices must be compared with those of the infinitely more plentiful premiercru clarets. The whole Montrachet vineyard is less than 8 has, that of Lafite alone about 80 has.

Of the red burgundies, I particularly liked Louis Latour's Mercurey, Volnay Premier Cru, Corton-Bressandes, Chambolle-Musigny and Nuits-St. Georges Premier-Cru. Some indication of the prices may be shown in that the trade price, ex-cellars in Beaune, for the last, the most expensive wine, was £116 a dozen, which suggests a retail price not much less than £175.

Among the Remoissenet red wines I enjoyed the Santenay Gravières (£54), Pommard-Epenots, Nuits-St. Georges (£108), Vosne - Suchots, Chambolle-Charmes (£111), Grands-Echézeaux and an exceptional Bonnes-Mares (£156), with lovely bouquet and fruity flavour.

The Remoissenet cellar-master said that whereas the '78 red burgundies were "masculine," and would take time to come round, the less tannic '78s were "feminine." The sexist significance of this I leave to others to analyse. But the "ladies" are dearer.

For those who feel that red burgundies are beyond their reach, the alternative lies not far away—in the Rhône, where 1978 was an exceptional vintage—some say the best since the celebrated '61.

Loeb's tasting of 12 wines of Jaboulet, for whom they are the agents, showed their remarkable character: deep in colour, with fine bouquet and with great intensity of flavour. They ranged from a Tavel, unusually fruity for a rosé, to Jaboulet's own Hermitage La-Chapelle, big but not coarse with a long taste in the mouth. In between came an almost black-tinted Crozes-Hermitage Thalabert and a big-coloured powerful Châteauneuf-du-Pape Les Cèdres. All need keeping for some years.

Once again this was a trade tasting, but retail prices can be obtained from O. W. Loeb, 15 Jermyn Street, London, SW1. However, it is not too far out to say that they are unlikely to be more than half the cost of the Côte d'Or wines.

# Badsworth Boy looks safest

RACING

BY DOMINIC WIGAN

IN SPITE of the presence of 16 opponents, Badsworth Boy looks to be the safest bet at Nottingham this afternoon.

The Tony Dickinson-trained five-year-old, a high-class performer over hurdles, has already stamped himself as an exciting prospect in the ranks of junior chasers. The seven-length conqueror of Cape Feliz in Wetherby's Collingham Novices Chase on January 15, Badsworth Boy went on to beat Black Market with far more in hand than the two-length margin in a similar event at Stockton eight days ago might suggest.

Two other possible winners for Dickinson and Tommy Carmody, whose "strike rate" is superior to that of even Jonjo O'Neill, are Red Mills and Santon Brig. This pair go respectively for the Carlton Handicap Hurdle and the Bonnington Handicap Chase.

Red Mills, a winner at Ayr and Market Rasen last term, has not been seen out since making little show in a modest event at Worcester in October.

Santon Brig, whose jumping sometimes lets him down, showed on his last appearance that a return to the winners' enclosure could be imminent.

Come To Hand lost little cast in defeat when failing by 1½ lengths to cope with Three Ways in a division of Stockton's Bowes Hurdle on January 21 and I am hopeful that he can recoup losses for those backers who make him a 2-1 on chance with a win in the second division of the Stop Gap four-year-old Hurdle.

South-West of Nottingham, racing is due to take place at Chepstow. Here, I believe, backers could do worse than take a chance with the progressive Glen Berg in the 2½ miles Persian War Novice Hurdle.

NOTTINGHAM

1.00—Crouton
1.30—Yukon Flash
2.00—Sea Emperor
2.30—Borgeois
3.00—Santon Brig*
3.30—Badsworth Boy***
4.00—Come To Hand

CHEPSTOW

1.45—Jearlet
2.15—Flurry Knox
2.45—Glen Berg**
3.15—Lanka
3.45—Woodham
4.15—Gemini Miss

# TV/Radio

## BBC 1

† Indicates programme in black and white

9.35 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround.
5.15 Grange Hill.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Robbie (London and South East only).
7.20 The Rockford Files.
8.10 Decision.
9.00 News.
9.25 Flesh and Blood.
10.15 Johnny Be Good: "Omnibus" film about Chuck Berry, the father of rock and roll.
11.10 News Headlines.
11.12 Question Time.
12.07 am Weather / Regional News.

All Regions as BBC1 except as follows:

Wales—10.38-10.58 am I Ysgolion. 3.05-3.55 pm Snooker: Welsh Professional Championship Final. 4.40 Crystal Tipps. 4.45-5.15 Bobol Bach. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol y cwm. 7.40-8.10 A Question of Sport. 11.12 am Snooker (Welsh Championship Final). 12.12 am News and Weather for Wales.

Scotland — 10.38-10.58 For Schools (around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 Sing Along with Sunshine. 10.15 Current Account. 10.45 Can Seo. 11.20 Write Away. 11.35 News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 10.15 Spotlight on Northern Ireland Affairs. 10.45 The Kids Are United. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Only on a Tuesday; Midlands (Birmingham) Look! Hear!; North (Leeds) Lifelines; North East (Newcastle) Heroes; North West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me! South West (Plymouth) Over to You; West (Bristol) Day Out.

## BBC 2

10.05 am Sisters and Brothers.
11.00 Play School (as BBC1 3.55 pm).
11.25 Write Away.
11.40 It's a Great Life.
2.30 pm Dilemmas.
3.00 Illusions of Reality.
3.30 The Living City.
†5.40 Harold Lloyd.
6.05 That's the way to do it.
6.35 The World About Us.
7.25 Mid-Evening News.
7.40 Cricket: Australia v West Indies (highlights).
8.10 Company and Co.
9.00 Movie showcase: "The Private Files of J. Edgar Hoover" starring Broderick Crawford.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

BBC2 Wales only—3.55-5.40 pm Snooker: Welsh Professional Championship Final.

## LONDON

9.30 am Schools Programmes. 12.00 Simon in the Land of Chalk Drawings. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Airport Chaplain. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Robin's Nest.
9.00 Hollywood.
10.00 News.
10.30 The Evening Standard Drama Awards.
11.30 Barnaby Jones.
12.25 am Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:

### ANGLIA

1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 7.30 Selwyn. 11.30 Sidestreet. 12.30 am Your Music At Night.

### ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 11.30 ATV Newsdesk. 11.35 Al Martino In Concert.

### BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Luke's Kingdom. 12.30 am Border News Summary.

### CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report At Six. 10.28 Channel Late News. 11.30 Kaz. 12.25 am Commentaires et Prévisions Météorologiques.

### GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 6.00 North Tonight. 7.00 The Love Boat. 10.30 Cover To Cover. 11.00 Reflections. 11.05 In All Seasons. 11.30 Evening Standard Drama Awards. 12.30 am North Late Night Headlines.

### GRANADA

1.20 pm Granada Reports. 2.00 After Noon. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 11.30 Hawaii Five-O.

### HTV

1.20 pm Report West Headlines. 3.45 The Entertainers: Acker Bilk. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best In The West. 7.00 The Incredible Hulk. 11.35 Celebrity Concert.

HTV Cymru/Wales—As HTV West/HTV General Service except:—10.15-10.31 am Mwy Neu Lai. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Quest Of Eagles. 10.35 Bywyd. 11.35-12.30 am The Evening Standard Drama Awards.

### SCOTTISH

1.20 pm News and Road and Weather. 1.30 How's Your Father. 5.15 Border Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 11.30 Late Call. 11.35 Human Rights Day Concert.

### SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 11.30 Southern News Extra. 11.35 Fireside Theatre.

### TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News And Lookaround. 5.15 Selwyn. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Come In, If You Can Get In. 11.00 North East News Headlines. 11.05 The Odd Couple. 11.30 Evening Standard Drama Awards. 12.30 am Epilogue.

### ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop In Your Hand. 10.29 Ulster Weather. 11.30 Barney Miller. 12.00 Sedtime.

### WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Kaz. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

### YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Selwyn. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Side Street.

### Radio Wavelengths

| | | | |
|---|---|---|---|
| 1 | 1053kHz/285m 1089kHz/275m | 3 | 200kHz/1500m & 92.95vhf |
| 2 | 693kHz/433m 909kHz/330m & 88-91vhf stereo | 4 | 1215kHz/247m & 90-92.5vhf stereo |

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

## RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Cricket report. 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 8.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S) (continued). 8.03 John Dunn (S). 8.02 Wiv A Little Bit O' Luck (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News, 1.02, 2.02 Cricket report. 2.03-5.00 am You And The Night And The Music (S) including 3.02, 4.02 Cricket.

## RADIO 3

5.30-7.35 am Test Match Special Australia v West Indies (‡ only from 7.00). 6.55 Weather. 7.00 News (vhf only). 7.05 Overture (S) (vhf only until 7.35). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 The Trio-Sonata (S). 11.00 London Studio Strings (S). 11.35 Chopin piano recital on record (S). 12.15 pm Lunchtime Prom, part 1 (S). 1.00 News. 1.05 Six Continents. 1.20 Lunchtime Prom, part 2 (S). 2.05 Music For Tenor And Guitar (S). 2.35 In The Shadows Of The Great (S). 3.25 Symphonies From Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Delius: Violin Sonata No. 3 (S). 7.30 Play Festival: "The Bagman Or The Impromptu Of Muswell Hill," by John Arden. 9.00 Sacred And Profane concert, part 1 (S). 9.40 Interval Reading. 9.50 Concert, part 2. 10.40 Come Blow Your Horn (talk by Patrick Stevens) (S). 11.15 Prokofiev: piano recital (S). 11.55-12.00 News.

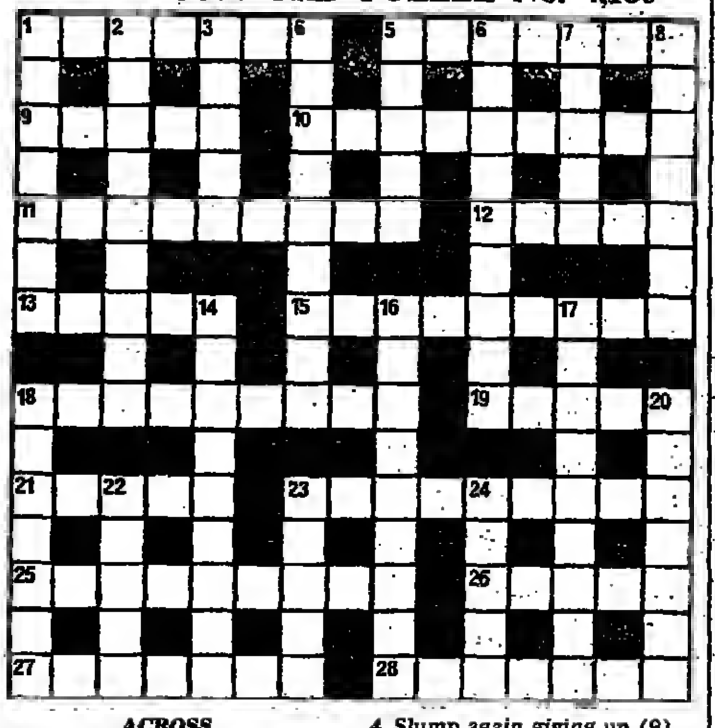
## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 The Wooden Horse. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Sons And Lovers (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 The Manipulators (the techniques of hidden persuasion). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 8.00-5.00 am Join Radio 2.

## F.T. CROSSWORD PUZZLE No. 4,186



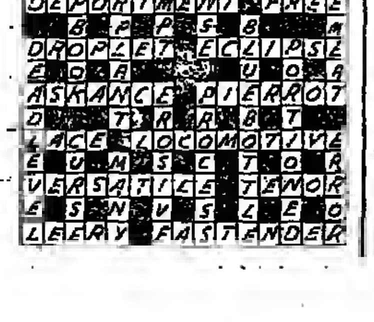
ACROSS

1 Throw away battered apple (7)
5 Scoundrel joining a qualified accountant ought to drink (7)
9 Roughly a fight (5)
10 Clots blow on cake (5, 4)
11 Only just discovered woolly state of America (3, 6)
12 Took legal action before eastern kid undressed (5)
13 Sensational ancient city inside cover (5)
15 Stormy client men confuse (9)
18 Vibrations concerning boy taking article to church (9)
19 United Kingdom returning party's glory (5)
21 Leaving forces protest march with barehead (5)
23 Combine with receiver staked out on perimeter (4, 5)
25 To dissect a tiny bit is key. . . (9)
26 . . . to people giving flag to hothead (5)
27 Ten ingredients twice point to understanding (7)
28 Scattered way engineers married (7)

DOWN

1 Cloth one has to face with soft soap (7)
2 Plant for founding club is effective (4, 5)
3 Little bird man has to tax (5)
4 Slump again giving up (9)
5 Old battle to weep about London city (5)
6 Popular beef by peculiar afterthought is over hardwood (4, 5)
7 Clever putting hydrogen in waterfall (5)
8 Eccentric not following conductor (3-4)
14 Do north-eastern railways admit to being cheated? (4, 5)
16 Caught slim quality of purity (9)
17 Aim to finish with inspection (3, 2, 4)
18 Route Russians take to throat (3, 4)
20 Watch the dunderhead being boiled (7)
22 Intended, to have average tea (5)
23 Put up in rear (5)
24 Airman likely to make rapid progress (5)

Solution to Puzzle No. 4,185



# ENTERTAINMENT GUIDE

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CINEMAS

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# THE ARTS

**Victoria and Albert/Agnews/Heim**

## Old Master drawings by DAVID PIPER

The great collections of drawings in the world really do exist in a shadowy limbo, as far as the general public, or even that amorphous body, the "art-loving public," are concerned. Not for scholars or students, of course, who once they know the drill can normally gain access to print rooms anywhere in tha world. Generally, any member of the public, given patience and perseverance, can do likewise, and have the heavy solander cases opened np before him; may even be surprised by the issue of surgical rubber gloves with which to bandle the mounts. But be has to know what he wants to see, whicb not only presupposes knowledge but knowledge available through published catalogues, which may not exist, or be out of print. By and large, the drawings rest at peace in their boxes, preserved from light which, though only by its virtue do the drawings come to life, also destroys them physically. If the visiting nf print rooms became fashionsble, and queues began to form, the system would become unworkable. The numbers of drawings stashed away in the great print rooms of the world are millions, the staff to make them available (and supervise them) minimal.

One answer is provided by reproductions; modern tecbniques at their (expensive) best can produce virtual facsimiles, hnt the choice inevitably is limited, and the reproduction can never, however good, satisfy as does the original. Most print rooms do their best hy showing a selection of some aspect of their holdings, changing it every two or three months, or more frequently. I wonder sometimes if we concentrate enough on this simple practice; the loan exhibition is seductive, attracts visitors, may advance knowledge, hut at the expense of not making visible some part of the institution's own collections. The Victoria and Albert Museum's Print Room does concentrate generally on this. Its current exhibition, the admirahly thought-out and presented *Photography in Printmaking*, is drawn mainly from the Museum's own holdings, and answers the Museum's didactic functions in exemplary fashion. Anyone in particular still flummoxed hy the obscurities of current art should see it (till February 10).

For those who delight in drawings, however, the current major attraction (till February 24) at the V and A is the Arts Council show of work by Ingres, drawn mainly from the museum at Montauban (Ingres' native town). This has not perhaps attracted as much attention as is its due. English taste is reloctant to come to terms with Ingres' ruthless finisb in his more amhitious compositions, a reluctance I must admit tn sharing, especially when confronted with specimens of the notorious "goitrous neck" with which he endows his serpentine nudes. English clients, and later generations, on the other hand have always delighted in the pencil portraits that he did in Rome early in bls career. A selection of these has been borrowed from various sources.

The genre was popular at the time—small-scale, often wbole-length, delineations, bnt the seeming finality of Ingres' definition of his sitter makes English examples, hy Cosway or Edridge, positively woolly; the medium also allowed Ingres scope not only for the exercise of his virtuosity in austere contour, hut for the enchantingly free calligraphy of his pencil over the outline precision when rendering contrasting textures like fur. Tha early townscape drawings of Rome, rarely seen in this country, are however no less attractive—small, but meticulously both structured in relation to the page and detailed, and most marvellously echoingly empty (the catalogue likens their atmospherics to de Chirico).

Most of the exhibition displays later studies for the great "machines," in whicb you can follow Ingres, endlessly painstaking, distilling the superfluities, the departures from ideal form, that his models offered him in their fallible flesh, to the essentials that bis art demanded. Yon can see him starting from the nude, adjusting the pose again and again; then dressing the model, studying details of drapery and costume. The end result is shown by photographs.

Even those wbo dn not instinctaly warm to the thought of Ingres shnuld find delight here: the exhibition is exquisitely presented with no gammicks (the presenceof Canova's *Sleeping Nymph* in the first room is no gimmick, but an inspred invocation of mood). It is exactly the right scale, small rooms opening out of each other. It will he shown subsequently at Birmingham (March 1 to April 12) and the Ashmolean Museum, Oxford (April 19 to June 8). Remember that the V and A is closed on Fridays.

The London art market—auctions and dealers—offer those whose daily business briogs them into the West End opportunities unparalleled elsewhere for study of drawings. One of the staples are the exhibitions put on hy dealers: two excellent ones are at present in progress. The annual show at Agnews of watercolours and drawings (until February 15) is their 107th; everything is for sale and though the background mumhle of complaint from older viewers is variations on the theme of bow that would have cost thirty bob in the old days, the quality revealed remains remarkably high. There is a superb J. R. Cozens; there are Girtin, Turner, Constahle, Samuel Palmer, Lear.

Rape of Dejanira by Tiepolo

There is a wealth of the other Turner, William of Oxford, generally grievously overshadowed in reputation hy his namesake J.M.W. — hnt how, since the recent Newall sale when a spectacular Turner of Oxford went for tens of thousands indeed a topic of wealth in its more material aspects. There is one very large, very fine one here, a halcyon view, of crystal space and blue water across Portsmouth harbour, hut there are also charming, more modest, ones at relatively modest prices. Soft lead impressions, notahly some nostalgic ones of Oxford itself, before pylons, before multi-storey car parks, hlandly awaiting the Scholar-Gipsy.

Loan exhibitions organised hv the select few nf the major London dealers with the necessary gallery space, have become invalnable. The latest in tbe series at the Heim Gallery consists of a hundred of the finest drawings from the Polish collections. It is possihle, indecd prohable, that literally no one in the West had seen all these drawings before this exhibltion. The preface hy Maria Mrozinska to the catalogue outlines the history of the collecting of drawings in Poland. It is set out very soberly, but it is in large measure an account of calamity beyond which the echoes of far worse human tragedy are almost audihle. Tbe invasions and occupations of Poland are of such extent that it is extraordinary that anything so fragile as a drawing should have survived at all. The visitor to this exhibition will discover that the survivals include nevertheless many remarkahle items.

There are, for example, seven Rembrandts, including two substantial landscape drawings. The Rubens include a spectacular and enchanting fully finished drawing of *The Flight to Egypt*—seen as placid if divine domestic occasion, plump Virgin resting up in an admiring throng of naked putti. There is a strange head hy Dürer, and and art historian's puzzle by the obscure Wolfgang Peurer hut inscribed (and possihly worked on) by Dürer — a galloping horseman half of wbose body appears to be going forward with the horse, while the other half is directed to the rear. There are delicate drawings from the German 19th-century, by Cornelius and, unexpectedly, the archltect Schinkel.

No pre-sixteenth century Italians, hut interesting sixteenth-century ones. The French (Fragonard, Robert) mainly eigbteentb-century, but a very pretty sixteenth-century one is a well preserved Clouet bead of a young girl, in the mode represented by the great sequence at Chantilly—but also an unexpected contribution to British royal lconography, as it is a version, apparently autograph, of the drawing of Mary Queen of Scots in the Bibliothèque Nationale.

One would scarcely expect a national pattern of collecting to emerge, but there is witness of artists of high accomplishment attracted to the court of Poland in the 18th century, especially that of the last Polish king, Stanislas Augustus. The best known was Canaletto's nepbew, Bernardo Bellotto, from whose nervous, llvely pen there are three drawings. Kamsetzer and André le Brun, artists especially connected with Poland, will be familiar here only to specialists, though by Pillement (who wnrked for a decade in London too) there is an exquisite design for a fioral mural decoration, fragile, as if hreathed on to the paper. Of the better koown Italians, a formidable little Piranesi architectural fantasy; Pittonl; an incandescent flickering presence of St. Roch among the plague stricken, ascribed to Antonio Guardi: a highly spirited Rape of Dejanira by Domenico Tiepolo.

The catalogue is very densely and fully worked, complete with bibliograpbical references that will be strange to many scholars in the West; it is fully illnstrated. The exhibition is at Halm till February 26, and then goes to Birmingham (March); Dublin (April/May); the Fitzwilliam at Cambridge (May/June); and Cardiff (July).

**ICA**

## Young composers by DOMINIC GILL

Adrian Jack's enterprising MusICA series stepped aside from the mainstream of its programme—as every responsible new music series should—to offer a platform last Sunday to four young composers, none of whom is yet "established on ihe commission or festival circuit."

It is never the first purpose of such concerts to discover masterworks: that would he a welcome, but rare, honus. The principal intention is to provide, like Schoenberg's Society for the Private Performance of Music, the players and the platform: looked after thus far, the music can look after itself. So, on Sunday, no masterworks: but four new pieces, all of them decently and capably made, each one setting up and solving, with various degrees of success, different problems in its own fashion.

*Lichtzwang* by Raymond Deane (b. 1953) for cello and piano was the shortest and perhaps the least ambitious: but it was no bad thing at all to hear for once a piece achieve almost exactly what it set out to do—a seven-minute essay in simple curves of tension and relaxation, the percussive piano setting off the cello's natural tendency to *cantabile*, the pair joining together in brief argument before a quiet coda (this last the only really predictahle element, the usual quiet end, the easy fade).

*Voyages* by Brian Noyes (b. 1949) was scored for six instruments including piano, and the piano again was the assertive partner—stating right from the start, in angry arpeggios, tbe harmonic basis on which the music was built, a distinctly neo-romantic sequence with powerful tonal implications. The cello, and Melody, then appeared: and echoes of Schoenherg, urgeot undercurrents of Mahler, whicb constantly returned to, only to journey again away from, the first barmonic Idea. The idiom was an interesting but unsettled one, uneasy in its tonal excursions, inconclusive in its stance: difficult to be exactly sure wbere Noyes's voyage intended to take us. But there were some nice textures, precisely imagined: at the start especially, as the piano proposed its sequence, a rather beautiful seascape of rocking instrumental chords.

The title of Sinan Savaskan's *Many Stares Through Semi-Nocturnal Zeiss Blink* for flute, clarinet, violin, viola, cello, double hass and percussion ecboed its pretensions in the composer's programme-note—where it was "hoped that the unexpected, non-dramatic, non-developing nature of the work will provide a stillness, which in turn will point at the 'drama around us' and the drama inside a single soond." Tbe effect of the piece was amiable enough: 14 minutes of psendo-Zen meditation, minimally worked, and all of it extremely slow-moving. But it was difficult to listen to, and seemed somehow inappropriate, in context: the spirit of the evening was directed elsewhere—aren't such tentative ruminations best undertaken in the worksbop, or better still, miles from the concert hall, and without an audience, in some lonely mountain place?

Jane Wells's *Under the redwood tree* was not so much misplaced as wildly over-ambitious: a setting for soprano, four instruments and percussion of a huge chunk from Elizabeth Smart's *By Grand Central Station I Sat Down and Wept*. A text so effusive, spineless and syntactically flabby calls for exceptionally powerful musical ideas to sustain it — and Miss Wells rose less than half way to the occasion. She found some good things along the way, notably one or two dark thrills of instrumental texture: but by the end she bad clearly run out of steam as well of ideas — a final paragrapb spoken, not sung, is the most predictable cop-out of all.

The excellent soloist was Karen Jensen; and the evening's ensemble, secure and well-prepared, was Lontano nnder the direction of Odaline de la Martinez.

### Major Paul Gauguin work on loan to National Gallery

A fine late work by Paul Gauguin, *Horsemen on the Beach*, has heen lent to the National Gallery and can he seen in Room 45 until the end of March.

The picture is on loan from the Stavros S. Niarchos collection, and has not heen seen in London since 1958 when it appeared in the Arts Council exhibition of the Niarchos collection at tbe Tate Gallery. It is in oil on canvas, and measures 29 x 36½ inches.

**Wembley Conference Centre**

## Kurt Sanderling by RICHARD JOSEPH

On Sunday evening the Philharmonia concluded their latest Beethoven cycle—their first under the excellent East German conductor Kurt Sanderling—with a performance of the *Ninth Symphony* at Wembley Conference Centre. This was prefaced hy the *Choral Fantasy*, an amalgam of Beethoven's piano improvisation and variation technique, capped off hy an embryonic Choral finale. To make its fullest impact, the Fantasy's proliferating orchestral and vocal parts must seem to grow out of the range of sounds produced by the solo piano at the outset of the work. John Lill's plain, sturdy tone and literal articulation, which serve him well in more complexly knit music, were unable to make the required impact. The orchestral implications of the piano writing remained hidden and the music's basic premise was consequently lost.

In the Ninth, Sanderling displayed many of the qualities that have led to his current esteem. He has a sure sense nf the relative importance of primary and secondary voices, a corresponding control over long range structure and a rhythmic stability which never compromises the lyrical forward movement of the music. His tempi were never controversial, and on Sunday night the changes from *Adagio to Andante* in the third movement of the symphony were as organically bandled as I have heard in the concert hall. Texturally, Sanderling refrains from adjusting the wind parts, as so many Central European conductors have done, keeping the rough hewn quality of Beethoven's valveless hrass writing intact. Woodwind were douhled in number, which is fair enough in so large a hall, but the scherzo was shorn of its repeats (except in the central trio section), which was a pity.

However, for a number of reasons, Sanderling's humane and purposeful view of the Ninth was not successfully carried out. The Conference Centre's acoustic must take part of the blame. With so much absorbent carpeting aronnd, there is little blend or projection of sound, and it must be difficult for the furtber flung sections of the orchestra to hear eacb other nn the platform. The violins maintained good ensemble and intonation despite this, but the hack desk cellos were often under the note and flaccid in howing. In addition, poor bass resonance in the hall meant that one heard more resin than double bass tone.

The admirable Philharmonia Chorus's contribution was further dampened hy the lack of tiered seating for the back rows of the Chorus, so their sound could not project out as clearly as it should bave and ensemble was not as crisp as it usually is in the Festival Hall. Some of the choir took mattars into their own hands and stood on their chairs, but this was a token gesture at best. The solo quartet of Sally Bnrgess, Carolyn Watkinson, Robin Leggate and Malcolm King was fresh voiced and suitably youthful sounding, with King and Leggate hoth outstanding in their extended solos.

In all, the potential of Sanderling's interpretation was seriously compromised. The Ninth is a communal, not an individualistic work. It needs the attention and commitment of every participant in order to take wing. The Philharmonia looked plainly discouraged by their conditions, and their response was never better than a slightly tired average. In a more suitable hall, with a more spirited orchestra, I bave no doubt that Sanderling's performance would he recognised as one of the finest of post-war Beethoven Ninths; it is, despite the flaws catalogued, much to be preferred to Maazel's performance in the Philharmonia's last cycle. I hope Britisb audiences will not have to travel to Dresden, Vienna, or elsewbere in order to hear Sanderling's noble, intelligent conception carried out.

## The Academy goes British

Following the success, hoth critical and financial, of the current Post-Impressionism exhibition at the Royal Academy, 1980 offers more modest, and bome grown, displays. Five British artists, all recent or contemporary, receive retrospective exhibitinns.

Perhaps the most important is that devoted to the work of Stanley Spencer, which will open to the public between September 20 and December 14. Two over-neglected artists, Sir George Clausen and Algernon Newton, are also honoured, Clausen's exhibition running from July 22 to August 24 and Newton's from November 1-December 7.

Then there are two major retrospectives of living and working artists, Ruskin Spear, from March 8 to April 13, and Victor Pasmore, from September 13 to Octoher 19. Apart from the Summer Exhibition, which starts rather later than usual, the other main events are an exhibition of paintings, porcelain and furniture collected by the first Lord Leverhulme in late Victorian and Edwardian times; the first European show for the acclaimed American artist Andrew Wyeth, and British Art Now; An American Perspective, a London view of an exhibition of eight young British artists which will tour the U.S. this year.

The Post-Impressionism exhibition has been extended by two weeks to March 30. It is the most successful show at the Academy since Turner, with over 280,000 visitors to date, contributing a revenua of £300,000. The money is badly needed to reduce the Royal Academy's overdraft which bad reached £500,000. Lacking any substantial Government aid, the Academy faces an underlying financial crisis only temporarily lifted by the income from Post-Impressionism. In an average year expenditure is £560,000 and income £300,000.

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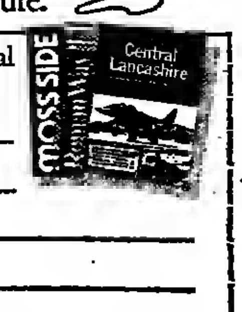

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Tuesday January 29 1980

# The law must be clarified

THE APPEAL Court's directive to the executive of the Iron and Steel Trades Confederation to call off the strike in the private steel sector is obviously of short-term benefit to the Government in that it means that steel supplies are now more likely to get through to manufacturing industry while the strike at the British Steel Corporation continues. It is also of more than passing interest that the executive appears ready not to defy the ruling, although it will understandably seek to have it reversed in the House of Lords.

### *Remote*

The directive, however, raises issues which go far beyond the present steel strike. What it means, in effect is that the law relating to trade disputes, and therefore to the trade unions' right to strike, is unclear.

The authority for secondary strike action has long been based on an evaluation of whether it was done "in contemplation or furtherance of" the original dispute. That is, a union could extend strike action to an employer not involved provided that there were reasonable grounds for showing that the pursuit of the original dispute was still the main purpose.

That doctrine was most recently upheld, in favour of the unions, in the case of *Express Newspapers v McShane* in the House of Lords only a few weeks ago. The Lords ruled that although the secondary action might have seemed remote from the original dispute, it was still legal. It was in the light of that ruling that Mr. Justice Kenneth Jones declined to grant an injunction to the private steel producers last Friday to prevent the strike in the private steel sector last Friday. The very next day three judges of the Appeal Court, headed by Lord Denning who had also found against the unions in the McShane case, ruled differently.

### *Pressure*

Some of the reasoning behind the Denning judgment in the steel case appears distinctly odd. It is not clear, for example, that the strike would have caused "grave damage to the economy and the life of the country and put the whole nation and its welfare at risk." For that we have only Lord Denning's word and on such matters he is unlikely to be a much better judge than many other people. Nor is it clear that the possible effects of the strike on the national economy had anything to do with the matter on which the Appeal Court was asked to rule.

The question at issue was whether or not the extension of the strike to the private sector was in furtherance of the original dispute. Yet Lord Denning came up with the finding that the union had introduced a second dispute—not with the BSC, but with the Government in order to put pressure on the Government to provide more money to settle the strike at the Steel Corporation.

Such a judgment will be extraordinarily difficult to uphold in the House of Lords, the more especially as it concerns a loss-making nationalised industry where the ultimate paymaster is clearly the Government. The union's action may have been deplorable, but it may well be ruled legitimate in the end.

The real point, however, is the lack of clarity in the law. There appears to be no agreed definition of actions which although secondary to an original dispute, are in furtherance of it. If Lord Denning had his way, the definition would be extremely restrictive perhaps almost to the point of banning secondary action altogether. Yet if others had their way, it would be permissive to the extent of allowing widespread economic disruption going way beyond the parties to a dispute.

### *Unsatisfactory*

In theory there is a balance to be struck between the unions' rights to pursue their disputes through industrial action and the protection of those not involved. As Lord Denning himself once said: "A man who is carrying on a lawful trade or calling has a right to be protected from any unlawful interference with it." The trouble is that that begs the question of what is "unlawful interference." The balance has not been found. Lord Denning has sometimes ruled one way and the House of Lords another.

If the existing law is unclear, it will have to be changed. No one would suggest that such a task will be easy, for this Government or for any other. Yet it is in the interests of everyone, including the trade unions, that clarity should be sought. The present situation where those employers who want an injunction can go to Lord Denning and get it, only for the House of Lords to reverse the ruling on appeal, is entirely unsatisfactory.

# Prudent—after an interval

PRESIDENT CARTER should have achieved something to sustain the reviving confidence in the dollar through a budget proposal which certainly cannot be accused of old-fashioned electioneering. Reverting to his old platform of prudent finance, he intends to cut the Federal borrowing requirement by the equivalent of 1 per cent of GDP in a year when his own official forecast points to a recession. It is true that the ghost of fiscal stimulus still haunts the scene; there is the promise of tax cuts and extra spending should the recession prove unexpectedly deep; but the aim is a high-employment surplus, despite increased defence outlays.

Were this a British style Budget, announcing decisions for the period immediately ahead, the message for the dollar would be clear; but of course the President's Budget message is only a proposal to Congress, for a period which does not begin until next October. This feature of the American constitution raises two questions: what will happen to the economy between now and October? and what will happen to the Budget proposals?

At present the Federal finances are in deficit to the tune of an estimated $40bn for 1980, about a third more than was proposed in the last Budget message, mainly because the President's tax proposals, notably the tax on oil profits, were not enacted. This heavy Federal borrowing is little strain in the financial markets at present, because private sector borrowing—notably consumer borrowing—has dipped sharply since the large rise in interest rates last October.

### *Compromise*

However, there has been a notable revival in consumer confidence since the Afghanistan crisis, and an even sharper revival on Wall Street, since higher defence spending is seen as a sovereign charm against recession, and there is now some suggestion of hedge buying of commodities and some equipment. The bond market has not joined in the celebrations, as the financial community continues to see difficult conditions, and possibly a credit crunch, in the period ahead.

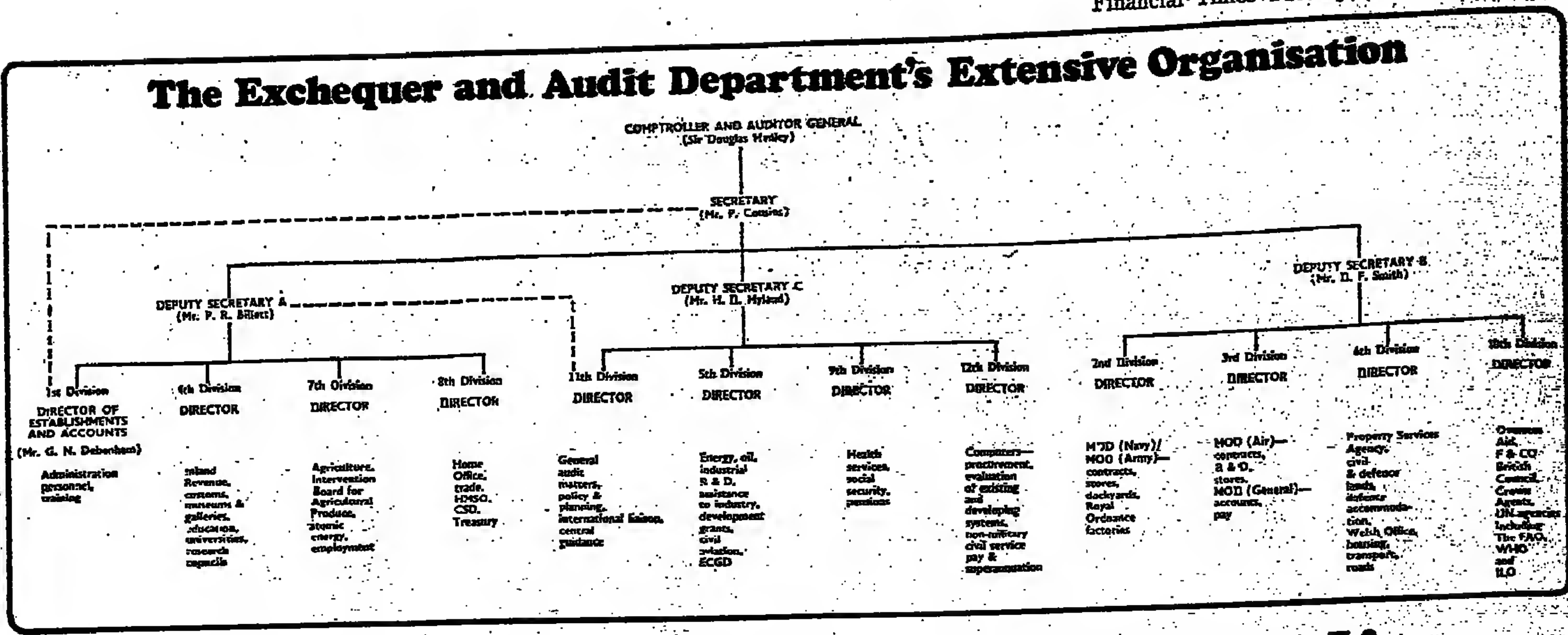
If this revival of confidence is sufficient to keep the economy quite briskly active, as seems likely at present, it is possible that the President will get a better reception for his proposals than in the last two years. Although there has been much discussion of a tax cut, which Congressmen would dearly like to enact in an election year, there is a growing acceptance that this would be a harmful step at present. Agreed compromise also seems assured on energy taxation.

### *Investment*

There is therefore a fair chance that the President's proposals will emerge in a recognisable form at the end of the Congressional process in July. Since the present chances are that both inflation and economic activity will be somewhat above official forecast levels, the fiscal out-turn in 1980-81 might well be a deficit at or below the official target. In effect, the windfall tax is being used to finance the increase in the defence budget, and mild economies in other forms of spending are proposed.

This does appear to be a prudent and responsible balance, as the President has claimed; and since U.S. foreign trade will be assisted by import substitution, as large foreign investments in U.S. production facilities come on stream, the background for the dollar could be far less unsettling than for some years. There are already reports of revived private investment demand for dollars, as might be expected in a world political crisis.

For the longer run, however, it must also be noted that there is little promise here of any change radical enough to redress the fundamental weaknesses of U.S. performance in recent years — low saving, low investment and low productivity growth, a somewhat British pattern. For these purposes, a more radically "prudent" approach, may be required, possibly including higher taxes and less shelter for consumers from the cost of borrowing. But it would be idle to look for such measures in an election year.




# Private eyes on the public audit

BY MICHAEL LAFFERTY

THE ROLE of Britain's national audit service, the Exchequer and Audit Department, is under scrutiny. Yesterday the UK accountancy bodies said there was an urgent need for a strengthening of the whole process of scrutiny and audit of Government. The Consultancy Committee of Accountancy Bodies cast aspersions on the E and AD's ability to do its job by emphasising that its total staff is only a fraction of the size of any one of the large private sector accounting firms. The latter, on average, probably has about 1,500 accountants and other professional staff where the E and AD has less than 700.

This is not the first time the E and AD has come in for criticism. A report on a management review published last year contained a lengthy list of recommendations for reform which ought to make any self-respecting auditor blush. Couched in discreet and diplomatic Whitehall language, the review committee's report said the department "should adopt a more positive approach to audit management, and should draw up procedures for greater planning, monitoring and review." It spoke of the need for standardised documentation throughout E and AD, for detailed check lists, for better working papers, greater central guidance, and the introduction of quality control reviews.

One of the report's main recommendations was that the E and AD should reaffirm its acceptance in principle of the concept of systems based auditing, under which the modern auditor reduces the extent of detailed testing by relying more on the controls and system operated by management. On staffing, the report simply states that "a natural and conscientious concern for economy in staffing has been taken too far."

All of these and many other points may become the subject of far greater public discussion a few month from now, when a Government Green Paper on the E and AD is published.

Anyone who has taken a look at the present structure of public audit in Britain would probably agree that reform is now overdue. The present legislation dates from the Exchequer and Audit Departments Acts of 1866 and 1921, which provide that the Comptroller and Auditor General is an officer under the Crown. The Acts require the Comptroller to audit the appropriation, trading, production and other accounts of all government departments, and to certify the accounts and report on them to the House of Commons.

Over the years the E and AD's responsibilities have been extended to the audit of some 25 public and quasi-public organisations such as the Church Commissioners; 126 statutory boards and authorities such as the Atomic Energy Authority; 78 other organisations like the Arts Council; and 45 international bodies including several UN agencies.

However, there is not always agreement as to the full scope of the Comptroller and Auditor General's responsibilities, as the recent case of the National Enterprise Board demonstrated.

In broad terms the E and AD Acts require the Comptroller and Auditor General to satisfy himself that money spent has been used for the purposes intended by Parliament, and that the expenditure conforms to the authority which governs it. The Acts give him wide discretion over the nature and extent of his audit and afford him a right of access to the books of account. To a large extent, it seems that the same principles are applied to the audit of accounts not governed by the E and AD Acts.

In practice, the public audit function seems to have developed along two separate lines. On the one hand there is the traditional financial/regulatory work, which ought to be broadly comparable with an audit under the Companies Act. In addition to this the C and AG has for many years been paying increasing attention to the economy and efficiency of the operations of those organisations he audits or inspects. This is known as "value for money" auditing, and is designed to bring to light wasteful, extravagent or unrewarding expenditure.

Sir Douglas Henley, Comptroller and Auditor General: a fresh look at his department's work.

The approach is widened in some cases to assess how successful programmes or projects have been in meeting policy objectives, and whether they were cost effective.

The big question which remains to be resolved is the balance which must be struck between the financial/regulatory audit and value-for-money auditing. The latter is obviously the most attractive for E and AD staff, though by itself it does not satisfy all the legal audit requirements. It is also the area which appears to have most attraction for the Commons Public Accounts Committee, which works closely with the E and AD.

Professional accountants outside Whitehall who have come across the E and AD are apt to speak cynically about value-for-money auditing. They point to its staffing limitations, the fact that E and AD staff in general do not have professional qualifications, and ask how they can possibly be competent to judge efficiency when they are unable to carry out routine financial audits.

In fairness, there may be an element of professional jealousy in such comments. Professional accountants who find their services indispensible in the private sector are hardly likely to look favourably on the public sector where they have, to a large extent, been excluded.

However, it does seem odd that a department with responsibility for some 450 accounts, a large number of which come in the form of traditional company accounts, should have less than 20 qualified accountants on its staff.

The position is changing, however. Today, it is E and AD policy to recruit only graduates who are channelled into the training provisions of the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA is one of the country's six main professional accountancy bodies, with a membership largely in the local authority area.

In addition to this Sir Douglas Henley, the Comptroller and Auditor General, has become a member of the CIPFA council. He is an active advocate of closer links between the accountancy profession and the public audit service. The process may be further strengthened on his retirement, when some senior civil servants predict the first chartered accountant to become the senior public sector auditor will be appointed. A major problem which would have to be overcome before this could happen would be that of finding a suitable remuneration package in the civil service structure for a man who might well be earning in excess of £50,000 a year in private practice.

The E and AD's staffing problems can only be resolved satisfactorarily once its scope and functions have been determined. The accountancy bodies think that a move towards departmental reporting—whereby the success in achieving a policy is judged against the resources devoted to it—is an essential part of the reform process. They agree that the only way the House of Commons can effectively exercise its scrutiny functions is through select committees, such as the Public Accounts Committee. In order to make the greatest contribution to achieving value for money, the accountants say that parliamentary committees should concentrate more work on the evaluation of organisations and systems, rather than individual transactions.

Once this system is operating the accountancy bodies say that well-directed value-for-money auditing based on the management systems approach would help rationalise priorities and ensure that money spent on controls was directed at the highest priority risks.

The accountancy bodies doubt whether all the present forms of financial reporting within Whitehall are appropriate to the system they advocate. "In the case of some departments there will inevitably be a move towards accrual accounting and away from cash reporting, since cash does not provide an adequate measure of the resources actually used by management to achieve its objectives.

## Simplicity the objective

"We can envisage forms of reporting where the choices made between capital and revenue expenditure and the consequent gains and penalties could be more clearly presented. The symptoms noted by the Expenditure Committee of accelerations or deferral of spending in the closing stages of the financial year might be removed if there were better measures of resource usage as distinct from resource acquisition."

The objective should be to make Government accounting as simple as possible, while conforming to the need to measure the utilisation of resources in management tasks. "As these evolutionary changes take place we would not expect the present cash reporting to disappear but we would expect it to become abbreviated and to lose much of the detail which is at present reported in a vain effort to remedy other overriding defects in the information available."

The accountancy bodies see systems-based auditing following naturally from a system of departmental reporting. This can be the case, they argue, with value-for-money audits as well as financial-regulatory audits. Responding to suggestions from within the E and AD that value-for-money auditing cannot be systematised, but is dependent on a mixture of training, experience and flair, they say: "While there is undoubtedly some truth in this, we believe that value-for-money audit can be systematised to a greater degree than has so far been acknowledged.

"In value-for-money audit the responsibility of the auditor is to identify those respects in which management should be using systems and controls to satisfy itself that it is delivering value for money. The auditor should draw attention to the omissions. The auditor should not feel restrained from drawing attention to weaknesses, defects and omissions simply because they have not so far led to serious loss.

"If he can identify risks to the enterprise which exist because of missing controls, he might put management on notice of a dozen unlatched stable doors rather than report one bolted horse."

Reading between the lines, the accountancy bodies seem to be saying that given a sensible reporting system, sensible auditing—not all that different from what the big accounting firms purport to have been doing in the private sector for many years — should automatically slip into place. Certainly, the division between financial/regulatory auditing and value-for-money auditing would be far less apparent.

Of course, the private sector accountants are not entirely motivated by the public interest in calling for such wide-ranging reforms in public sector accounting and auditing. Towards the end of the lengthy paper released yesterday there is a sentence which reads: "We also believe that more could be achieved if the E and AD were occasionally to operate in conjunction with professional firms who have some of the capabilities required. . . ."

# MEN AND MATTERS

## Budd blossoms at the viva

Is Edward Du Cann trying to establish a new fashion in Parliamentary procedures for guru selection? In his role as chairman of that newly constituted mongrel, the Select Committee on the Treasury and Civil Service, du Cann chose to subject the distinguished candidates for the post of economic adviser to an examination consisting of an essay followed by a *viva*.

At least one of the acknowledged economic brains of Britain apparently considered this style a little *infra dig* and kept out of the running.

Of those who braved the inquisition, the committee decided to select three to share the task. While the final selection was being made yesterday, I can reveal that Alan Budd, 42, who runs the Centre for Economic Forecasting at the London Business School, passed with colours flying.

Apart from having experience in the Treasury on his side, Budd also helped his case by actually making the committee laugh. Not to be intimidated by the somewhat eccentric selection procedures, I hear he told the committee at the start of his *viva* that he did not take the interview altogether seriously: "It's not as though I am here entering for the Miss World contest."


"Returning to the scene of the crime, eh?"

## Tugs of love

Two painstakingly restored wartime steam tugs, the last to see service in Britain, are almost certainly sailing to Holland at the end of this week to be melted down for scrap.

Their owner is Michael List Brain, proprietor of International Towing. He and his former partner, Martin Stevens, originally bought four steam tugs to preserve them; List Brain subsequently formed his own company to operate two of them commercially. "Steam," he says simply, "has become uneconomic." The tugs use two-and-a half or three times as much fuel oil as diesel tugs. We were able to make them economically viable longer than most. But oil prices in the past year alone have risen by 100 per cent."

An expert at the National Maritime Museum at Greenwich says very few of the Empire class tugs—once used to escort Atlantic convoys—are left, though "one or two" are still in use in the Middle East and the Mediterranean.

For List Brain, scrapping the two tugs, the Cervia and the Goliath, at least represents "a clean end" which is preferable to seeing them rot in the hands of a progresssively more bankrupt enthusiast.

Stevens, meanwhile, an engaging man who sells chainsaws when not manding his tugs, has been desperately trying to arouse interest in the Cervia and Goliath before they are turned into washing machines: "I just like them as objects. There won't be anything like them in the future; people should see what things were like." He feels that if only the tugs can be reprieved for a while they will find a space in one or other of the schemes for London's Dockland.

## Coming up for air

Civil servants seem to be supplying ammunition to their own worst enemies in the latest issue of State Service, Journal of the Institution of Professional Civil Servants. "Messengers," I read "have four times the risk of premature death of administrators, clerical officers three times and executive officers twice. The differences persist even when allowing for different smoking habits, blood pressure, blood glucose levels, and height (messengers are on average two inches shorter than administrators). Obviously further research is necessary . . ." Obviously meanwhile the best advice for any of the undersized neurotics scurrying around Whitehall would seem to be to secure promotion as fast as possible.

## Cracking the whip

The delicate flower of democracy which has been blooming in Spain since Franco's death is not being nurtured as it perhaps deserves by the new parliament. Persistent absenteeism has infuriated the ruling Union de Centra Democratico of Adolfo Suarez, which has seen all its threats of discipline ignored.

My man on the spot tells me parliamentarians are finding it difficult to break the Spanish habit of starting the weekend on Thursday; his investigations have also revealed that many deputies are so unused to the new system of Government that they often do not appreciate the importance of voting.

In future MPs missing a vote will be shown the cautionary yellow card. The next time they will be fined between £66 and £133 depending on the importance of the issue—and referee Suarez warns that persistent offence will earn absentees a sight of his red card and possible expulsion from the house.

## Still sparking

After a quarter of a century in Britain, Steven Gortvay, Hungarian-born chairman of Smiths Industries' spark plug division, still finds the English language hard on the larynx. Now 72 and still working, he tells me that his chairman told him: "Don't lose your accent, it's part of your sex appeal."

It is an injunction he finds easy enough to obey. "My German is better," he says, admitting that some of his international deals have been conducted in that language. He is currently celebrating a £4m contract with China under which the People's Republic will gain machinery and know-how enough to double its output of spark plugs.

Now fate has laid before him a profoundly ironic prospect which could raise the tally higher still. Having established a spark plug factory in his native Hungary in 1931, he saw it snatched away from him without compensation during the 1956 invasion by Russia. Dispossessed and unpopular with the new regime, he came to Britain. He experienced a curious mixture of emotions when the managers of his old factory recently contacted Smiths, inquiring tentatively about assistance with updating and expansion.

## Square one

A reader in Croydon who spent two years persuading his "fairly timid" wife to learn to drive recently succeeded in getting her to the point of applying for a licence. Yesterday it arrived. A kidney donor card was thoughtfully enclosed in the envelope.

**Observer**

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Centre-Right rule in Portugal: By JIMMY BURNS, Lisbon Correspondent

# A revolution goes into reverse

THE PORTUGUESE Government is engaged in a race against time. Sr. Francisco Sa Carneiro, right of centre Prime Minister and head of the Democratic Alliance (embracing Social Democrats, Christian Democrats, Monarchists and a few former Socialists), has submitted a programme that looks more pragmatic than the manifesto on which the Alliance won the elections on December 2. But the Government only has until October to convince the electorate that it is on the right path.

Then the Chamber of Deputies must be dissolved to be replaced by another elected for a full four-year term and with powers to amend the socialist-oriented constitution. Time, therefore, is short, but in the habitual Portuguese manner progress so far has been slow. President Antonio Ramalho Eanes, no friend of the Democratic Alliance, took almost a month to appoint Sr. Sa Carneiro.

The leader of the Democratic Alliance then took another week to appoint his cabinet and present his programme to Parliament for discussion.

In contrast with those of his predecessors, Dr. Sa Carneiro's programe is short and to the point. Its pragmatic approach has much in common with the technocrat non-party Governments that have ruled Portugal for more than two years. It is altogether less ambitious than the Democratic Alliance manifesto and more convincing, since it appears to work within the obvious limitations of the Constitution.

The Government's freedom of action in certain areas is restricted by the Constitution. The programme talks of opening up the economy to the private sector, but does not mention denationalisation. On the politically controversial subject of the decollectivisation of farming the programme is distinctly reticent. It simply places agrarian reform within the wider context of technological advance and agricultural self-sufficiency. Indeed the common thread running through the speeches of Dr. Sa Carneiro and his ministers, since taking office, has been the emphasis on consensus politics rather than confrontation.

In practice this led on the eve of the Parliamentary debate to an unprecedented meeting between the Government and opposition parties to discuss the major outlines of the programme.

There are two not unrelated reasons for this kid glove approach. First, the leadership of the Democratic Alliance believes that its support is based not merely on a hard core of right wing "revanchists," but more generally on a wide section of a largely apolitical population which was fed up with the political instability and economic uncertainties wrought by the revolution.

These economic problems would not be solved were the Government to devote itself during the next ten months to a dramatic roll back of many of the political and economic changes, with all their contradictions, made since the revolution.

Second, President Eanes, the Socialist Party, the Communist-dominated trade union movement, and military officers within the Council of the Revolution are among those who are committed to a staunch defence of the constitution. Even the strong willed Dr. Sa Carneiro is aware that a six seat majority in a 250 seat Parliament is not enough to take them all on, at least not for the time being.

The Government's problems do not end there. Paradoxically the mood for change is perhaps now as strong in Portugal as the mood for stability. Dr. Sa Carneiro knows that were he to offer no more than ineffectual Government he would almost certainly be out of office next October.

The Government, in the short period that it has been in office, has, however, made a stand on a number of issues on which the Democratic Alliance fought the election. The most important of these has been the subject of the presidency and particularly the definition of its powers vis-a-vis the Government. While he was in opposition, Dr. Sa Carneiro was always extremely critical of President Eanes' involvement in foreign policy. Dr. Sa Carneiro claimed, not without some justification, that the President's habit of sending "presidential envoys" on high priority diplomatic missions undermined the powers of the Government and in particular those of the Foreign Ministry. Insult was added to injury, or so it seemed to Dr. Sa Carneiro, because these envoys spent their time not with NATO and the EEC but rather exchanging messages of goodwill with the Marxist rulers of Portugal's former colonies.

From the moment he became Prime Minister, Dr. Sa Carneiro has made it clear that his Government intends to take command of foreign policy according to its own list of priorities. On the question of Afghanistan, his Foreign Minister and Deputy Prime Minister, Sr. Diogo Freitas do Amaral, has been particularly forceful. Portugal was one of the first countries to react to the invasion by recalling its ambassador to Moscow and threatening to re-examine all political and trade links with the Soviet bloc.

The Government has also confronted the President on the question of ambassadorial appointments. It has for instance refused to allow Sra. Maria de Lourdes Pintasilgo, the former caretaker Prime Minister and presidential protege, to return to her post in Paris as Portugal's representative to UNESCO. The Democratic Alliance regards her outspoken defence of non-alignment and commitment to a vague form of Third World socialism as incompatible with NATO and future membership of the EEC.

Premier Sa Carneiro
Nine months to make his mark

Sra. de Lourdes Pintasilgo
She fell foul of the Government

In economic matters the Government has also assumed a certain crusading spirit. In presenting his economic programme last week, the Finance Minister, Sr. Anibal Cavaco Silva, forecast a cut in the inflation rate this year from 24 per cent to 20 per cent and a growth rate of around 4.5 per cent, almost double last year's. "This Government accepts the challenge of expanding the economy and reducing inflation" he said. "This Government is determined to prove wrong the forecast of the OECD which in its report (on Portugal) in November forecast that growth would be slower than last year and that inflation would accelerate."

Sr. Cavaco Silva's opinion is that Portugal's much improved balance of payments position and the country's impending membership of the European Community calls for a more expansionary policy. According to provisional figures, Portugal for the first time in more than five years recorded a surplus in the current account in 1979 of $100m largely on account of a huge increase in immigrant remittances and tourist receipts. Capital movements have also evolved favourably during the past year. Net inflows of medium and long-term private capital were brought about by a slight increase of financial borrowing and a marked slowdown of debt redemptions. Thus 1979 recorded an overall payments surplus of $1bn.

Yet Sr. Cavaco Silva believes that the great failure of economic policy over the past 12 months is the fact that this spectacular improvement in the country's external position has taken place at the cost of a major domestic recession, which has left Portugal ill-prepared to face the changes demanded by the EEC. Thus Portugal in 1979 saw a fall of real wages for the third consecutive year, sustained the highest level of unemployment in Europe, a virtual stagnation in private consumption, and a 1 per cent drop in overall investment.

The Government has blamed this largely on structural weakness inherited from the revolution and is therefore committed to a liberal market economy. To stimulate investment the programme proposes to legislate in a number of key areas over the next few months. The Government hopes that it will go a long way towards satisfying employers if it liberalises the present financial system. Thus private banks and insurance companies—at present banned—will be able to operate while nationalised banks and financial institutions already in existence will be encouraged to lend to the private sector at more favourable terms. (The Constitution forbids denationalisation, but says nothing preventing the opening of private businesses in sectors nominally nationalised.) The Government also intends to speed up compensation for companies nationalised since the revolution.

A further change is expected to come in present labour legislation which has always been severely criticised by the employers' federations. Nevertheless, the introduction of any new law giving greater freedom to hire and fire workers would run the risk of meeting with the stiff resistance of the unions and of aggravating unemployment. For both these reasons. the Government may act cautiously at least until after the election.

The main weapon for controlling inflation will be budgetary discipline. The Government has committed itself to cut public-sector spending (exactly by how much we shall only know once the 1980 budget is announced in March). As in neighbouring Spain, the steep rise of the public-sector deficit has been one of the inevitable results of the advent of democracy at a time of recession. General government spending expressed as a share of GDP, which in 1973 stood at 22.7 per cent, has doubled in five years.

Two of the major burdens on public spending are the inflated civil service and the state-controlled companies. The number of civil servants has risen sharply since the revolution and now stands at about 380,000, around 10 per cent of the labour force. A number of nationalised companies, particularly in the transport sector, have experienced severe financial difficulties in recent years as a result of the high cost of money and depressed demand. Sr. Cavaco Silva estimates that excluding direct state subsidies the accumulated deficit of a total of 23 public enterprises between 1974-79 is nearly Es 33bn (£290m).

By cutting public spending the Government hopes not only to ease inflationary pressures but also to make more credit available to the private sector.

In presenting the broad outlines of his government's economic policy Sr. Cavaco Silva did not hide the risks involved. A number of the measures could backfire. For instance, the Government intends to raise interest rates on the bonds given to those whose industries were nationalised and to allow them to be properly discounted by the banks to make available funds for investment. But the release of funds so generated could be inflationary.

Second, the push for higher growth will worsen the balance of payments. Sr. Cavaco Silva last week forecast that Portugal's oil import bill would double in 1980 to $2.4bn and that domestic energy prices would have to be adapted accordingly. Moreover, given that nearly 80 per cent of Portuguese exports go to OECD countries, the generally depressed international outlook for this year is bound to harm Portugal's trade balance.

In the past, Portuguese Governments have been able to use the IMF as a convenient whipping boy which could be blamed for the austerity imposed on the population as whole. The Sa Carneiro administration has for this year at least preferred to go it alone without any formal commitment to a new agreement with the fund. It is a major political and economic gamble which could have serious repercussions were it to fail before next October's general election.

# Letters to the Editor

## UK hotel prices

*From the Chairman, Hotel Bookings International*

Sir,—I read the "Living cost guide" (January 26), which your paper researched and published, with mixed feelings. Paradoxically while it was pleasant to see in print a definite survey confirming what I have been saying privately and publicly for over a year, it is disappointing to discover that my worst fears have been confirmed.

The information you have published is more worrying than the survey perhaps indicates at first sight. All hotel tariffs tend to rise at the same rate, consequently the fact that British first class are now the most expensive in the world is true for hotels of all grades. As a result this country's tourist trade will suffer a more severe setback during 1980 than that which was experienced in 1979.

There is in addition an underlying problem which your survey does not say anything about but which damages yet further our hotel and tourist industries.

Currently a large proportion of hotels in the UK are publishing a tariff yet at the same time discounting by up to 50 per cent. This underlying malaise demonstrates that the UK hotel industry while being recognised publicly as the most expensive in the world is in reality selling itself short.

Only concerted agreement now by leading hotels could rectify this damaging situation and I call on the major hoteliers to take a lead, take action and publish realistic rates which will create a more favourable image to industry and encourage the tourists which this country badly needs.

Maurice E. Segal.
*Globegate House,*
*Pound Lane NW10.*

## Trade in textiles

*From the Information Officer World Development Movement*

Sir,—Mr. Wheatley's formula (January 11) for stepping up protectionism against imports from lower cost countries is both ill-founded and short-sighted. He assumes that Third World producers are the main cause for the problem facing the UK textile industry. This is not so. Industrialised countries still account for the bulk of textile imports into the UK—81 per cent for textiles and 45 per cent clothing in 1978.

Their share of the UK market is increasing at the expense of Third World imports. Restrictions on imports from Third World producers have diverted trade to the U.S. and other EEC countries rather than to the UK textile industry. The 4.5 per cent drop in Third World textile and clothing imports into the UK in 1978 was made up by a similar increase in imports from industrialised countries.

Something is wrong then with the UK's competitiveness. The latest NEDO report for the knitting industry established that there was considerable scope for improving productivity in this sector, and that moving up into more sophisticated goods was a must.

Therefore, further discrimination against Third World producers will not solve the problem. It will only slow down the industry's adjustment to a changing international environment, and will result in long-term losses to the whole economy through keeping resources locked in uncompetitive industries. Inflation will be spurred and consumers' choice will be narrowed. This is already happening.

Moreover, if specialisation is one of the benefits of trade, it is the overall balance of trade that counts. Britain actually runs an overall trade surplus in manufactured goods with Third World countries—£6.1bn in 1978. About a third of Britain's manufactured exports go to developing countries. Jobs lost in one sector are recouped in another as a 1978 Government study on the impact of the newly industrialising countries (NICS) showed.

The Organisation for Economic Co-operation and Development has estimated that by maintaining their trade in manufactured goods with the NICS alone the industrialised countries have gained, on average, 900,000 jobs a year from 1973 to 1977. Therefore, it would be Britain's more competitive industries that would lose out with Mr. Wheatley's "fair trade" protectionism.

It is also open to question whether protection would save jobs. If Britain is to compete in other EEC markets, it will only do so by modernising its industries. Already 144,000 textile and clothing workers have lost their jobs because of productivity changes between 1970 and 1975, compared to only 36,000 that did so because of imports from the newly-industrialising countries. What is needed, therefore, is a fresh approach that includes moving out of uncompetitive sectors, as other EEC countries are doing, and complementing this with job creation and job sharing measures.

If Mr. Wheatley's "fair trade" scheme were to be applied, Britain could be accused by other western industrialised countries of unfair trade. French labour costs in the textile industry are between 10 per cent and 20 per cent higher than in the UK; Italian labour costs are 42 per cent higher, and German, Belgian and Dutch costs are more than double.

Maria Elena Hurtado.
*Bedford Chambers,*
*Covent Garden WC2.*

## Citizen's band radio

*From Mr. D. Ewart-James*

Sir,—Following the recent correspondence in your columns regarding citizen's band radio, I am writing to make a plea on behalf of the users of radio control equipment.

There are over 100,000 licensed users of model radio control equipment who are increasingly suffering interference from the illegal transmission from citizen's band radio. Although it is at present illegal to use CB equipment in this country, it is not illegal to import and sell it and large amounts of imported equipment is coming into the country tuned to the band allocated for radio control. The use of this equipment is increasingly causing damage and loss to expensive models and will undoubtedly soon lead to serious injury and even fatality.

Whatever the Government decides to do in regard to CB equipment it must ensure that radio control users have a band allocated for their sole use and that it is illegal to manufacture or sell any other equipment capable of transmitting on that band.

D. O. Ewart-James.
*41, Bishopsgate, EC2.*

## Where wealth lies

*From Mr. C. Dauris*

Sir,—I share Mr. E. R. Kermode's concern (January 17) over the continued repetition of seriously misleading figures relating to the ownership of wealth in this country. The reason for the use of footnotes about which he complains is of course that the basic figures are derived by the Inland Revenue from probate records.

An estimate by the Government Actuary's department helps towards a correct assessment of wealth distribution. In 1975 the aggregate value of occupational pension rights in Britain was about £42bn. The accrued rights to state pensions were on average £2,955 per man and £4,494 per woman. By the inclusion of these two factors with the Inland Revenue figures for 1975 the estimated share of the wealthiest 1 per cent of the population is reduced from 23.2 per cent to 13.9 per cent, of the wealthiest 5 per cent from 46.5 per cent to 28.8 per cent, and the wealthiest 20 per cent from 81.8 per cent to 53.8 per cent.

This by no means completes the picture. If allowance is made, among other things, for the omission from probate records of all estates under £1,500, for contingent rights to income other than pension rights, and for such considerable assets as housing subsidies, people may be surprised at how evenly privately-owned wealth is spread.

One would need to be quite extraordinarily simple to expect every adult to have assets of the same or even similar total value. People aged 65 will have more than those of 15, some people are more thrifty than others by nature, some receive above average incomes or have below average financial responsibilities. Given the infinite variations, it is remarkable that about a tenth of privately held assets are held by as many as one in a hundred of the population.

Colin Dauris
*Goodalls,*
*Middle Street,*
*Nazeing, Essex*

## Energy requirements in Northern Ireland

*From the Engineer and Manager, North Down Borough Council.*

Sir,—I quote Mr. David Howell, MP, Energy Secretary, (January 16 in Parliament): "Artificially low prices helped gas users at the expense of the rest of the population. The difference between the Government's price rise and the lower increase which British Gas wanted would mean an extra £200-£300m for the Corporation in the next financial year."

What is the corporation to do with this extra revenue? I suspect the money will be used to help finance new fossil-fuel-burning power stations and thus encourage more waste of precious resources by electricity generation.

Northern Ireland has tried for four or five years to obtain the economic and domestic benefits of natural gas the same as anywhere else in the UK and has finally been told that we cannot have natural gas. We must use more electricity instead.

What a terrible indictment of any Government that one of the most depressed regions of the UK has to suffer the dearest energy sources and a lack of political will to do anything about living standards.

It really must be terrible for the average domestic consumer on the UK mainland to suffer an increase in the average cost of gas from 18.5p per therm to nearer 25.0p per therm and an increase in their annual fuel bill from £105 to £150! They should come over to Northern Ireland for a comparison. The average price here varies from 50p to 70p per therm, and the British Gas average annual domestic usage of 560 therms would then be £280 to £395. Food for thought, don't you agree? It's little wonder that Northern Ireland wanted a supply of natural gas as a matter of urgency, to the benefit of everyone here.

A fourfold increase from 2p per therm to 8p per therm in the field purchase price of natural gas is still a considerable reduction in the manufactured plant price of gas in Northern Ireland of 35p to 40p per therm before distribution. So even at, say, 12p per therm for "Frigg" gas supplies from the northern North Sea, over the next four years, Northern Ireland could still enjoy the benefits.

When natural gas reserves are prospected for in the Rockall area of western Scotland, a main feeder route could already be partly in place now, running down through Northern Ireland and across to, say, Moffatt in Scotland. In the meantime this supply main could act in the opposite direction and supply natural gas to Northern Ireland from Scotland.

Given that Northern Ireland is going to have fossil-fuel power stations for a considerable period of time to come, energy conservation means nothing whatsoever to Government here in Northern Ireland.

The gas industry and other parties in Northern Ireland tried various ways of getting gas brought from Scotland, but to no avail. When they asked for a small subsidy on the price of gas in Great Britain until natural gas was available in Northern Ireland, and we would then have paid an additional charge per therm to recover the subsidy, nobody wanted to listen.

Now you have the 29 per cent increase on British gas prices giving the extra £200m-£300m profit. Northern Ireland was only asking for a miserable £30m to carry on with natural gas, i.e. 0.2p per therm on gas prices in Great Britain.

Even more unfortunate is the fact that British Gas, for operational reasons in the years between 1975 and 1978 supplied 2.37bn therms of natural gas to various power stations in Britain. These power stations lost around 1.6bn therms of gas as waste heat, to the value of £90m. So in these four years enough money was wasted which could have provided the finance to bring a pipe to Northern Ireland and also provide enough gas to give us a 50 year supply at our present consumption rate.

I trust my comments are food for thought to all those "hard pressed" Gas Consumers in Great Britain.

T. C. Kyle.
*Gas Offices,*
*North Down Borough Council,*
*Bangor, Co. Down.*

# Today's Events

**GENERAL**

UK: TUC employment policy and organisation committee sees Mr. William Whitelaw, Home Secretary, on public order issues.

Mr. Francesco Cossiga, Italian Prime Minister, meets Mrs. Margaret Thatcher in London for talks on bilateral trade, EEC, and other international matters (to January 30).

Association of Metropolitan Authorities meets Mr. Michael Heseltine, Environment Secretary, to discuss block grant system.

Iron and Steel Trades Confederation executive meets to discuss Appeal Court judgment against private sector strike.

Gatwick Airport proposed second terminal public planning inquiry opens.

Lord Carrington, Foreign Secretary, Sir Peter Gadesden, Lord Mayor of London, and Mr. Harold Macmillan, speak at Australia Day Menzies memorial dinner, London.

Mr. Hamish Gray, Energy Minister, meets Mr. Morais, Angolan Minister for Oil, Lancaster House, London.

Mr. Ian Smart, energy consultant, speaks on international nuclear energy relations in the 1980s, Royal Institute of International Affairs.

Airedale trunk road inquiry resumes, Shipley.

British Agriculture Export Council statement on exporting to China.

Overseas: EEC Fisheries Council meets, Brussels.

Mr. Kurt Waldheim, UN Secretary General, starts three-day visit to Bangladesh.

UK motor industry delegation meets Japanese counterparts to discuss exports to the UK, Acapulco, Mexico.

**PARLIAMENTARY BUSINESS**

House of Commons: Supply day debate on gas prices until 7 pm. Guillotine motion on Education (No. 2) Bill. Residential Homes Bill (Lords), second reading. Various consolidation measures. Motion on Income Tax (Excess Interest as Distributions) Order.

House of Lords: Reserve Forces Bill, third reading. Criminal Justice (Scotland) Bill, committee.

**COMPANY MEETING**

Davenports Brewery, Chamber of Commerce, Harborne Road, Birmingham, 12.15.

**COMPANY RESULTS**

Final dividends: I.D.C. Group. Prestige Group. Trident Television. Vantage Securities. Interim dividends: Christie-Tyler. Henderson-Kenton. Rosgill Holdings. A. J. Worthington Holdings. Interim figures: Grimshaw Holdings.


# When?

A decision to expand or relocate industrial and commercial activity will depend on answers to a whole range of vital questions. As vital as any, will be when and how soon can new properties and sites be made available.
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In the town centre an important site of 3.5 acres for a development up to 300 000 sq ft. Two sites for 30 000 sq ft. At Weston Favell District Centre, sites for up to 100 000 sq ft. Moulton Park provides 83 acres of campus sites in a rural setting.

**Unit factories and industrial sites**
Brackmills: 1 unit of 18 400 sq ft and 1 unit of 21 500 sq ft. Reservations are also being taken for Phase 5, comprising 14 units of 5000 sq ft and 2 units of 12 500 sq ft. All have mains services, parking, offices and central heating. A wide range of industrial sites are available on four employment areas.

In the search for the right business location straight answers to straight questions are a must. Let us know your requirements.

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Northampton Development Corporation
2-3 Market Square, Northampton NN1 2EN
0604 34734

# Brentnall doubles loss: omits final dividend

INCLUDING exceptional debits of £327,000 for the period and associates' losses of £146,000 against £30,000 profit, Brentnall Beard (Holdings), insurance broker, more than doubled its pre-tax loss from £526,000 to £1.2m, for the year ended September 30, 1979. Turnover dropped by £2m to £2.51m.

And, like the interim, the final dividend is being passed—last year a 0.572p interim was paid.

The directors blame a general recession in the worldwide insurance industry as the main reason for the results, as well as very poor trading conditions in Canada, where losses were incurred in all the associates, and the escalating costs in most areas of the group.

Action has been taken to substantially reduce costs and a significant improvement is expected in results for the current year.

| | 1978-79 £ | 1977-78 £ |
|---|---|---|
| Turnover | 2,503,000 | 4,506,000 |
| Loss from oprtns. | 728,773 | 556,271 |
| Exceptional debit | 327,076 | — |
| Associates' losses | 146,190 | *30,083 |
| Pre-tax loss | 1,202,039 | 526,188 |
| Tax credit | 280,326 | †12,622 |
| Net loss | 921,713 | 538,810 |
| Minority profits | 519 | †13,160 |
| Extraordinary credit | 474,384 | 217,572 |
| Attributable loss | 447,843 | 302,937 |
| Dividends | — | 43,469 |
| From reserves | 477,342 | 346,426 |

* Profits. † Charge. ‡ Losses

There was a tax credit of £280,000 (£13,000 charge) for the year and an extraordinary credit of £474,384 compared with £217,673. Loss per 10p share is given as 11.91p (6.85p).

At halfway the directors reported a loss of £607,00 £233,000 profit).

The continuing inquiry by the Committee of Lloyds of London with the affairs of Lloyd's Syndicate 762, and the publicity it has attracted, has seriously affected the group's ability to obtain new business, particularly in Canada and the U.S., the directors state.

**● comment**

Losses before tax of £1.2m look daunting enough at Brentnall Beard. After all the group's stockmarket value is only £932,000. The picture has been somewhat transformed at the attributable level where a taxation recovery, and net proceeds from a sale of its UK provincial businesses during the year to Hogg Robinson have helped reduce the losses to £447,848. But group reserves already took a hefty knock in 1978 when attributable losses of £346,426, after a small dividend payout, reduced reserves from £1.32m to £969,266, so the balance sheet for the year ending in September 1979 is likely to be studied with some interest by shareholders. On the trading front the outlook is uninspiring. Intense competition and poor trading conditions in Canada have caused losses. Brentnall's goodwill has suffered from the continuing Lloyd's inquiry. And costs have been rising. Cost controls have been implemented and the group should have some of the pressures eased on this front by the loss of a fair chunk of its work force in the Hogg Robinson sale.

# United British advances

NET REVENUE of United British Securities Trust advanced from £1.09m to £1.91m in the six months to December 31, 1979, after tax of £1m, against £0.65m.

Gross income increased from £1.81m to £2.99m, and includes £0.62m this time for dividends received from Shell and Unilever.

Expenses took £76,103, compared with £64,923. Debenture interest was unchanged at £4,500.

Net asset value per 25p share amounted to 160.7p, after deducting prior charges at par. This compares with 171.3p last time, based on assets including £7.88m investment currency premium which no longer exists.

The net interim dividend is being raised from 1.4p to 2.25p, as announced in December. The directors said then that they expected to recommend a second interim of not less than the 3.7p paid last time.

Net profits totalled £2.28m (£1.99m) for 1978-79.

## HIGHLIGHTS

Lex considers the trend of U.S. interest rates in the light of the Budget statement and the current political expectations. World oil demand appears to have stabilised recently, leading to a softening of spot prices although, paradoxically, Saudi Arabia raised its official prices yesterday. Lex considers the implications for oil company profits. Finally Lex looks at the renewed signs of a price war in food retailing which emerged in the statement from Asda. On the inside pages the increased losses from Brentnall Beard come in for comment and the lower profits from Braid or considered.

# Braid profit shows downturn to £0.75m

SECOND-HALF profits of Braid Group showed an improvement over the first six months, as forecast. But the taxable surplus for the year to September 30, 1979, fell from £870,820 to £746,160. This includes an exceptional credit of £150,695, being provision for property repairs no longer required.

At midway, taxable profits were lower at £275,153 (£339,246), but the directors expected that the second half would yield a much improved pre-tax surplus.

Full-year turnover of the vehicle distributor and retailer increased from £30.88m to £41.24m. Tax took £36,341 (£35,145)—SSAP 15 has been adopted and comparisons restated.

The net total dividend is raised from 1.5384p to 1.76788p, with a final of 1.21288p. Stated earnings per 5p share are down from 13.81p to 11.71p.

There is an extraordinary credit of £878 (£9,365), being the surplus on redemption of debenture stock. Retained balance came though at £597,624, compared with £745,736.

**● comment**

The figures from Braid added another chapter to the recent catalogue of disappointments from the motor distributors. Excluding the substantial exceptional item and a net contribution of £40,000 from the Craners acquisition, profits have been almost halved in the second half. The puzzling feature is that sales over the period are up by 47 per cent which, even allowing for Craners, suggests volume growth against the falling trend of Vauxhall's market share. The explanation is partly that small cars like the Chevette, which offer low margins, have been in ample supply while there have been shortages of potentially lucrative models like the Cavalier. The supply position has now much improved, however, and Vauxhall could finish the year with almost double its present market share of six per cent. There will be no bonanza credits this year, however, and the balance sheet is not in perfect shape so the historic p/e of 2.7 at 32½p is not unrealistically low. Furthermore, the yield of 8.1 per cent is no great attraction and, with a cover of over six times, it could have been improved.

# Kellock up sharply to £150,000

AS FORECAST at the interim stage, materially higher profits and an unchanged dividend are reported by Kellock Holdings, the investment holding company, for 1979.

Following the slight fall in first-half profits from £69,114 to £67,040, the company ended the year with pre-tax surplus more than doubled at £150,015 (£70,650). Turnover rose nearly 50 per cent from £22.7m to £33.7m.

In order to enable the company's capital base to be built up further, the year's dividend is held at 0.5p net, from stated earnings of 5.5p (2.54p) per 10p share.

There was a tax credit of £42 (£1,591), but after an extraordinary debit of £114,488 (£989), the company emerged with a surplus down from £53,217 to £31,435.

# Associated Newspapers property value up 65%

THE BOOK value of Associated Newspapers Group properties has been pushed up 65 per cent to £67m by a revaluation surplus of over £26m.

This is revealed in the company's latest accounts in which Lord Rothermere, the chairman, says: "Against a relatively strong financial base the group continues to pursue the policy of reinforcing its investments in newspapers and undertaking a degree of investment in other projects which appear, on balance to have high earnings potential."

At September 30, 1979, ANG held cash and short term investments amounting to £15.03m, against £18.28m 18 months earlier, and borrowings were higher at £1.42m (£0.99m).

Taxable profit for the 18 months to the end of September reached £39.97m (£15.46m previous 12 months). Sales were ahead to £314m (£157m) with 76.6 per cent (75.6 per cent) coming from newspapers; 3.4 per cent (3.6 per cent) from oil interests and 20 per cent (20.8 per cent) from other activities.

Authorised capital spending at the balance date amounted to £16.68m (£12.52m) of which £3.78m (£1.18m) had been contracted.

The pay of the highest paid director soared from £46,740 to £112,850 but the chairman's emoluments were down at £33,705 (£37,844).

As reported with results on January 12 the net dividend for the period is 12.434p (5.811p).

Towards the end of September advertising volume in the group's provincial newspapers was showing a decline and there could be a further falling off. Even so cover prices are being held, for the time being, and circulations appear firm, the chairman states.

For most of the 1978-79 accounting period this advertising volume had shown upward trend and better results were attained despite rising costs.

Advertisement revenue was a record at the Daily Mail during the period and earnings were the highest rate seen since the switch to taboid format in 1971.

Improvements in the marketing of the Evening News are continuing steadily and the new colour supplement has been well received by both readers and advertisers, says Lord Rothermere.

Both newspapers suffered a little loss of production through industrial disputes but the manning reduction at the News was carried out with virtually no disruption. Reorganisation costs at the News of £4.37m is included in extraordinary items.

Lord Rothermere comments: "There should be no doubt that the general attitude to change in the national newspaper industry will have to improve considerably if long-term security of employment and improvement in profitability are to be achieved."

Weekend magazine remains the highest selling general interest colour magazine in the country and The Field and Golf Illustrated have both continued to develop successfully.

It was a successful year for Euromoney where readership topped 66,000.

Teledata, a new telephone information service, established in London by ANG, is in a development phase and when it has overcome initial difficulties would appear to have considerable potential, says Lord Rothermere.

On the property side reconstruction of offices at Stratton Street, W1, is planned for the end of 1980 and other sites in provincial areas can now be redeveloped following the relocation of printing facilities.

Meeting, Stationers' Hall Court, EC, February 18, at 10.30 am.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Braid | 1.21 | March 21 | 1.06 | 1.77 | 1.54 |
| Cantors ...int. | 0.83 | May 1 | 0.83 | — | 2.3 |
| Country and New Town Props ...int. | 0.2 | April 15 | 0.2 | — | 0.65 |
| Ellis and Everard ...int. | 2.5 | March 17 | 2.25 | — | 5.75 |
| Hallite Hldgs. ...int. | 2.5§ | — | 2.15 | — | 6.75 |
| Kellock | 0.5 | April 8 | 0.5 | 0.5 | 0.5 |
| Kuala Lumpur‡ | 015 | March 31 | 0.13 | 0.25 | 0.2 |
| Midland Trust ...int. | 2.45 | March 3 | 2.01 | — | 5.34 |
| Neepsend ...int. | 1.02 | — | 0.82 | — | 3.22 |
| Stirling Knitting ...int. | 0.35 | March 31 | 0.35 | — | 0.75 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian dollars throughout. § Collected.

# Ellis & Everard jumps: similar second half increase unlikely

PRE-TAX profits of Ellis and Everard, industrial chemicals distributor, advanced 53 per cent to £835,000 in the half-year to October 31, 1979, on turnover some 32 per cent higher at £13.96m.

The results are in line with the hopes expressed by Mr. Anthony Everard, chairman, at the annual meeting last October.

He now says he is confident that the full-year outcome will show a satisfactory increase over the £968,000 for 1978-79. However, second-half profits are unlikely to be as high as those in the first six months.

The economy is stagnant and compared with the first half there are fewer working days available in which to make sales, he adds. Margins are under some pressure, and the recently formed swimming pool division operates in a very seasonal market.

Most of the first-half profit was attributable to the chemical division, although the swimming pool division, now trading under the name of Capital Leisure, made a small contribution.

Chemical sales were 28 per cent higher at £13.56m. Swimming pool sales totalled £401,000, with no comparative figures.

After tax of £400,000 (£288,000), stated earnings per 25p share are up from 3.9p to 6.5p. The net interim dividend is raised from 2.25p to 2.5p—last year's total was 5.75p.

Taxable profits were struck after increased interest charges of £146,000, compared with £81,000.

| | Six months 1979 £000 | 1978 £000 |
|---|---|---|
| Turnover | 13,963 | 10,595 |
| Chemical | 13,562 | 10,595 |
| Swimming pool | 401 | — |
| Profit | 981 | 627 |
| Interest | 146 | 81 |
| Profit before tax | 835 | 546 |
| Tax | 400 | 288 |
| Net profit | 435 | 258 |
| Extraord. credit | — | 6 |
| Attributable | 435 | 264 |

**● comment**

Given the buoyancy of Ellis and Everard's statement at the annual meeting last October, the strength of the first-half sales upturn should come as little surprise. Encouragingly, the group also achieved a useful margins improvement and the shares climbed 12p yesterday to 134p on the back of the 53 per cent pre-tax profit advance. From now on, however, the outlook is rather more flat. Volume, which with a £700,000 first time turnover contribution from Domestic Chemical, increased by perhaps a fifth in the first six months, is faltering and price increases will be harder to push through. Some pressure on margins is starting to develop but the group is still looking for year-on-year sales growth of between 18 and 20 per cent. That should be enough to confirm earlier outside estimates of £1.5m pre-tax where the fully taxed p/e would be 12.2. The total dividend, assuming an increase of a tenth at the net level, yields a prospective 6.9 per cent. The share price looks about right on these projections but profits look set to break out of a disappointing four-year plateau and, with the sale of the building supplies division last August, the benefits of a dominant position in small lot chemicals distribution should be coming through with increasing strength.

## NAME CHANGE AT GASKELL (BACUP)

Proposed internal reorganisation by Gaskell and Company (Bacup) will result in the parent company becoming a holding company and its name being changed to Gaskell Broadloom Limited.

# Cantors interim profits halved to £155,000

FOLLOWING a record £644,000 for the whole of the previous year, pre-tax surplus of Cantors, house furnishings, carpets and bedding retailer, more than halved from £341,000 to £155,000 for the six months ended October 27, 1979.

Results were affected by the VAT increase, and the rise in operating costs more than offset any benefit from the higher turnover—up from £8.15m to £9.04m in the half-year.

The directors say that while the second half will be adversely affected by the present strikes, it is impossible to say to what extent. Expenses are being rigidly controlled, but the company is in a position to meet the hoped-for upsurge in demand, they state.

Pre-tax figure was struck after interest of £149,000 (£121,000) and depreciation £172,000 against £158,000, and was subject to tax of £20,000 (£23,000).

Earnings per 20p share are shown as 1.94p (4.65p) but the interim dividend is maintained at 0.825p net—last year's final was 1.475p.

# Midland Trust ahead halfway

GROSS INCOME of the Midland Trust increased from £170,233 to £214,926 for the half year to December 31, 1979, while pre-tax revenue moved ahead from £163,725 to £207,036.

After tax of £62,107 (£53,288) net revenue rose by £34,492 to £144,929.

Stated earnings per 25p were 3.43p (2.61p) and the net interim dividend is stepped up from 2.61p to 2.45p—the previous year's total was 5.335p on £384,000 taxable revenue.

# Stirling Knitting advances

ALTHOUGH TURNOVER was little changed at £4.94m, against £5m, taxable profits of Stirling Knitting Group advanced from £204,000 to £243,000 for the half-year to September 30, 1979.

Earnings per 20p share are stated up from 3.5p to 4.18p, but the interim dividend is pegged at 0.35p net—last year's total was 0.75p on pre-tax profits of £305,870.

Tax for the half-year took £126,000 (£106,000) leaving net profits of the clothing and knitwear manufacturer ahead from £98,000 to £117,000.

# Wearra makes a good start

The current year has started well at Wearra Group, footwear manufacturer, and Mr. A. J. Harris, chairman, tells members in his annual review that the group's strengthened position should enable it to take full advantage of whatever opportunities prevailing conditions allow.

He adds, however, that against the general economic background, he cannot look ahead with unqualified optimism.

As reported on December 18, taxable profits rose from £445,335 to £547,616 for the year ended September 30, 1979, and the dividend is lifted to 2.037p (1.459p) with a final of 1.5p per share.

A programme of shop improvement and upgrading of merchandise was undertaken by David Scott Shops, during the year—Wearra is changing its name to David Scott Group—resulting in a significant increase in turnover and profits.

"I now look forward to some expansion of our retail interests," Mr. Harris states. This will start with the opening of a David Scott shop in Cheltenham, next month.

Despite current difficulties in the supply of gas, the chairman expects Grayhill Wescott, industrial gas heating appliances company, to increase its contribution in the current year.

"The Board will continue to look for further suitable acquisitions," he says.

At balance date, group fixed assets stood at £1.23b (£1.08m), and net current assets were £2.07m (£1.88m). Bank overdrafts amounted to £286,737 against £24,127.

Meeting, Crick, Northamptonshire, March 21, at noon.

# Neepsend surplus doubled to £808,000 in first six months

ON SALES well up at £17.4m against £11.5m, taxable profits of Neepsend, steel and steel products manufacturer, doubled from £396,000 to £808,000 for the half year ended September 30, 1979.

Mr. Stanley Speight, chairman, says the level of profitability achieved in the second half of the previous year—surplus for 1978-79 was £1.36m—has been broadly maintained.

Last September he had forecast an improvement in results for current year.

The company has felt the effects of the engineering dispute in the period, he now says. And, despite the steel industry situation, he is confident the level of profitability will be maintained in the second six months.

Pre-tax figure in the first half was struck after interest of £584,000 (£332,000) and subject to tax of £396,000, compared with £195,000.

Earnings are shown as 3.03p (1.48p) per 25p share and the interim dividend is 1.015p (0.82125p) net per share—last year's final payment was 2.30315p.

Retained balance came through at £276,444 against £82,000.

## JOHN LEWIS

The offers made on January 4 by the John Lewis Partnership for the 5 per cent first cumulative preference and 7 per cent cumulative preference stocks of John Lewis and Co. which it did not already own, have been made unconditional and will remain open until February 15.

Acceptances have been received as follows: for the 5 per cent stock, £447,854 (39.8 per cent of the stock for which the offer was made), and for the 7 per cent stock, £315,652 (48.2 per cent).

Before the offer, John Lewis Partnership held £374,032 of the 5 per cent stock and £94,530 of the 7 per cent stock.

# NBNA suffers heavy decline

National Bank of North America, NatWest's newly-acquired subsidiary, suffered a 3 per cent decline in 1979 pre-tax profits, which emerge at £5.8m against £13.13m. After a large tax credit the decline in attributable earnings is 8 per cent.

NatWest attributes the result to higher costs of funds and increased operating expenses, including higher payroll costs.

Total assets at December 31, 1979, rose to over $4.8bn from $4.4bn. Total loans rose 22 per cent to $3.1bn ($2.5bn), and every division of the bank contributed to the growth. Deposits increased to $3.6bn against $3.3bn.

The provision for loan losses was reduced by $1m to $14m. Net charge-offs decreased 39 per cent to $3.3m. As a result, the reserve for loan losses increased $5.7m to $28.6m.

## ABBEY/T. HEADLEY

In a £260,000 cash deal, Abbey Homesteads (Group), the UK housebuilding, plant hire and industrial development subsidiary of Dublin-based Abbey, has acquired T. Headley, building contractor, of Ashford, Kent. The deal includes properties currently occupied by Headley.

"This move is part of our plan to broaden the base of the UK business, and takes us back into building contracting after several years' absence," says Mr. Raymond J. Davies, Abbey's UK managing director.

About half of Abbey's activity is in the UK. For the year ended April 30, 1979, pre-tax profits were £3.93m.

# F & C Eurotrust raise multi currency loan

F and C Eurotrust has arranged a five-year multi-currency loan facility of £1m with Williams and Glyn's Bank. It has been drawn down initially for a period of three months in the sums of FFr7m and Y130m.

## ASSOC. BRITISH ENGINEERING

Acceptances received for the recent Associated British Engineering rights issue amounted to 84.7 per cent.

## SPAIN

| January 25 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 289 | |
| Banco Central | 226 | |
| Banco Exterior | 211 | |
| Banco Hispano | 210 | |
| Banco Ind. Cat. | 135 | |
| Banco Madrid | 175 | |
| Banco Santander | 246 | |
| Banco Urquijo | 150 | −2 |
| Banco Vizcaya | 215 | |
| Banco Zaragoza | 200 | −1 |
| Dragados | 101 | −1 |
| Espanola Zinc | 80 | +1 |
| Fecsa | 56.7 | −0.3 |
| Gal. Preciados | 35 | |
| Hidrola | 62.5 | −0.5 |
| Iberduero | 62 | +0.5 |
| Petroleos | 115 | −1 |
| Petroliber | 73 | |
| Sogefisa | 115 | |
| Telefonica | 58.5 | |
| Union Elect. | 62.7 | −0.5 |

epic Estates Property Investment Company Limited

Interim Report for the six months ended 31st October, 1979

| | 6 months to 31st October 1979 (Unaudited) £'000 | 6 months to 31st October 1978 (Unaudited) £'000 | Year to 30th April 1979 £'000 |
|---|---|---|---|
| Rents Receivable | 1,557 | 1,352 | 2,797 |
| Net Property Income | 1,324 | 1,152 | 2,321 |
| Interest Receivable | 29 | 2 | 5 |
| Exceptional Dealing Profit | 68 | — | — |
| | 1,421 | 1,154 | 2,326 |
| Interest Charges | 507 | 469 | 934 |
| Income before Taxation | 914 | 685 | 1,392 |
| Taxation | 339 | 206 | 470 |
| Income after Taxation | 575 | 479 | 922 |
| Interest (net) arising in the United Kingdom attributable to the Belgian Development | — | 87 | 219 |
| GROUP SURPLUS AVAILABLE FOR DISTRIBUTION | 575 | 392 | 703 |
| Dividends paid | (2.5p) 366 | (1.5p) 220 | (4.25p) 622 |

NOTES:

1. Interest for the 6 months to 31st October 1979, attributable to properties in course of development, amounted to £61,000 (1978 — £47,000) and has been excluded from the above figures. This will be dealt with by a transfer from Reserves.
2. The interim dividend of 2.5p in respect of the year ending 30th April 1980 was paid on 14th November 1979.

W. H. STENTIFORD & CO.
Secretaries

28th January, 1980

McCORQUODALE

Specialist international printers

Results for the year to 30 September 1979:—

| | 1979 | 1978 | Increase |
|---|---|---|---|
| Turnover (£'000) | 67,188 | 57,440 | +17% |
| Consolidated Group Profits before tax (£'000) | 4,634 | 4,123 | +12% |
| Earnings per ordinary share (p) | 24.58 | 19.78 | +24% |
| Dividends per ordinary share (p) | 7.50 | 6.32 | +19% |

"We enter the new year with confidence. Barring totally unforeseen circumstances beyond our control and major national industrial disruption, we expect to report next year another increase in profits and earnings"

Alastair McCorquodale, Chairman

McCORQUODALE AND CO. LTD.,
McCORQUODALE HOUSE,
15 CAVENDISH SQUARE,
LONDON W1M 0HT.

RATNERS (Jewellers) Limited

Extract from Interim Statement

- Group Profits 28% higher.
- Group Sales 17% higher.
- Interim Dividend increased by 20%.
- Ten branches opened in 9 months.
- Outcome for the year viewed with confidence (last year's pre-tax profits —£2,559,165).

Unaudited Interim Results Ended 6th October 1979

| | 1979 | 1978 |
|---|---|---|
| Group Turnover | 9,098,992 | 7,755,142 |
| Group Trading Profit before Taxation | 684,309 | 534,691 |
| Profit on Sales of Property before taxation | 71,762 | 233,340 |

### BIDS AND DEALS

# Caparo paying £1.5m for Singlo Indian interests

Caparo Investments, the Indian-owned private concern, is to buy Singlo Holdings' Indian tea interests for £1.5m cash, after failing to acquire the entire company in 1977.

Caparo also announced yesterday that it had won control of Empire Plantations (of which Singlo is an asociate), which was also the subject of a fiercely contested bid from that company in 1977.

Caparo was originally attracted to Singlo by its tea interests and in March 1979, when Singlo moved into the discount food retailing business, Caparo disposed of its 26.2 per cent stake.

Singlo's 1978-79 profits dropped sharply from £905,000 to £95,000, partly reflecting a downturn by the Indian subsidiary which was hit by depressed tea prices. The realisation of this investment is expected to improve significantly the liquidity and UK earning capacity of the group.

The Indian tea interests of Singlo comprise its 73.3 per cent bolding in Singlo (India) Tea Company, an Indian registered company, together with the unsecured loans, unremitted profits and dividends due from that company.

Singlo (India), which owns and manages four tea gardens in Assam, had a book value at March 31, 1979, of £804,059. Its profit before tax for 1978-79 was £367,068. No remittances have ben received since January 1979.

Singlo is being advised by Barclays Merchant Bank.

Caparo renewed its bid for Empire in December at 24p cash per share following purchases which took Caparo's stake to 43.48 per cent, making a bid obligatory under the rules of the Takeover Code.

Caparo yesterday announced an alternative to the cash offer, of 25p nominal of 9 per cent guaranted loan notes 1980, and is also offering 65p for each of the 5 per cent preference shares. The directors of Empire and Linkon (which has 10.6 per cent of Empire) are accepting the offer for 815,600 ordinary shares, giving Caparo 84 per cent of the voting capital.

## TR makes first U.S. purchase

Telephone Rentals has acquired Communication Electronics Corporation, of Erie, Pennsylvania, its first U.S. purchase since the group set up in the U.S. in 1974.

CEC, which was formed in 197, also has branches in Pittsburg and Buffalo in New York and its activities are being operated by TR Services Inc., Telephone Rental's U.S. subsidiary.

This acquisition, together with the recent opening by TRS of a branch in Syracuse, NY, follows the group's policy of a gradual expansion of its operations beyond the Buffalo area where it bas been marketing private business telephone and broadcasting systems since 194.

In 1978, the U.S. subsidiary made excellent progress. Mr. E. H. Cooper, chairman, reported that pre-tax profits were well above those of 1977 and were beginning to approach the required return on capital employed.

Group turnover in 1978 was £36.1m and trading profit £10.35m to which the North American operation contributed 2 per cent and 0.8 per cent.

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Christie-Tyler, Henderson-Kenton, Rosgill, A. J. Worthington.

Finals—Glass Glover, I.D.C., Prestige, Trident Television, Vantage Securities.

FUTURE DATES

Interims—

| | |
|---|---|
| Ariel Industries | Feb. 14 |
| Guinness Peat | Feb. 12 |
| Ransom (William) | Feb. 7 |
| Vibroplant | Feb. 4 |

Final—

| | |
|---|---|
| Commercial Union Assurance | Feb. 26 |

### LOUIS EDWARDS

The merger discussions with Morgan Edwards are continuing and may lead to Louis Edwards making a share offer for Morgan. A further announcement will be made by the middle of February.

# Thos. W. Ward optimistic of profits rise this year

WITH THE directors of Thos. W. Ward aiming for higher pre-tax profits in the current year, Mr. J. P. Frost, the chairman, tells members in his annual statement that there is good reason to be optimistic.

Taxable profits for the year ended September 30, 1979 rose 28 per cent from £11.83m to a record £15.09m—as reported December 18. On a CCA basis, pre-tax surplus is reduced to £7.99m (£6.41m).

Mr. Frost says the first balf of the current year will be difficult for the group's scrap interests since BSC bas drastically reduced its intake. But the remaining iron and steel activities are expected to maintain their progress.

In construction, total tonnage sold for the year is expected to be greater than last time, given no repetition of last winter's weather, and a substantial increase in associates' profits is anticipated.

There bas been little sign on the motors side of the expected slackening in demand, while engineering and industrial services sbould continue to progress.

In addition, there will be a continuing benefit from devoting management time to improving profitable activities.

Mr. Frost says the group is ready to invest, by acquisition or otherwise, in two particular areas of activity.

The group's quarries have been consistently well managed and profitable, and it is seeking further opportunities to make acquisitions in this industry, and continued success in merchanting and distribution activities encourages it to seek further profitable opportunities for growth by acquisition on this side.

The chairman states that investment elsewhere is not ruled out, if the terms are right, but significant spending overseas is not contemplated at the moment and the group is unlikely to reverse its moves away from manufacturing.

There was a £6m cash inflow for the year and net borrowings are less than £20m, compared with shareholders' funds of £80m. Share capital and reserves has been increased by £25m.

In addition to retained profits for 1978-79 of £8.7m, the adoption of SSAP 15 for deferred tax added £11.3m, and a revaluation of group properties as at March 31, 1979 produced a £6.3m surplus that was transferred to reserves.

## Country and New Town

A surplus of £193,000 on the disposal of properties has helped Conntry and New Town Properties to increase its pre-tax profits from £293,000 to £551,000 in the balf-year to July 31, 1979.

The interim dividend is unchanged at 0.2p—last year's total was 0.65p, paid from taxable profits of £460,000.

The Board states that the sale of one of the Canadian properties has resulted in a significant capital profit, which, for the full year, will amount to £1.5m. The company's articles were amended last month to permit the distribution of capital profits.

After a tax charge for the balf-year of £268,000 (£221,000)—arising entirely overseas—net profit came through well ahead at £283,000, against £72,000.

## EPIC up to £0.9m midway

PRE-TAX income of Estates Property Investment Company increased from £685,000 to £914,000 for the six months ended October 31, 1979.

As already known the interim dividend, paid last November, was 2.5p (1.5p) net per 25p share—last year's final payment was 2.75p from income of £1.39m.

Rents receivable expanded to £1.56m, against £1.35m, for the first half, interest receivable was £29,000 (£2,000) and there was an exceptional dealing profit of £68,000.

Pre-tax figure was also struck after interest charges, higher at £507,000 compared with £469,000, and was subject to tax of £339,000 (£206,000).

The available balance emerged at £575,000 (£392,000)—comparative figure was after £87,000 interest attributable to the Belgian development—of which dividends will absorb £366,000 (£220,000).

**Wearra**

**GROUP LIMITED**

*Highlights from the circulated statement of the Chairman, Mr. A. J. HARRIS:-*

- The year to 30th September, 1979 was, on the whole, a good one for the Group, resulting in a profit before tax of £547,616 (1978 – £445,335). A total dividend of 2.037p per share will be proposed (1978 – 1.459p).

DAVID SCOTT

The shoe manufacturing and distributing companies have both had a busy year. The "David Scott" brand, launched only two years ago, is now widely associated with quality and good design and its position in the home market has been reinforced by rising sales and availability in many more good retail outlets. The programme of shop improvement and upgrading of merchandise in the retail company resulted in a significant increase in turnover and profit.

- Exporting performance was somewhat mixed but an overall increase in value was achieved. I am hopeful that our trade in the Middle East and Europe will develop further.
- Grayhill Westcott Ltd., who produce industrial gas heating appliances, have in their first year contributed to Group profits, and I expect they will increase their contribution in the current year.
- Since its introduction in 1977, "David Scott" has become firmly established and Wearra no longer has any relevance, therefore a resolution to change the name of the holding company to David Scott Group will be put before the Annual General Meeting. Because of the seasonal nature of the footwear trade, the Group's future financial years will end on 31st January.
- The current financial period has started well and the Group's strengthened position should enable it to take full advantage of whatever opportunities prevailing conditions allow, including suitable acquisitions.

**IRTHLINGBOROUGH, NORTHAMPTONSHIRE**

# Narby family lowers stake in Furness Withy

Mr. Frank Narby's family investment company, Dolphin Investments, has sold 62,500 ordinary shares in Furness Withy, reducing its bolding from 11.2 per cent to 10.98 per cent.

Commenting on the sale Mr. Narby said yesterday: "My family company is faced with continuing uncertainty with regard to its very substantial investment in Furness Withy. We have asked the Minister of State at the Department of Trade for some further clarification of the position in relation to our voting rights on these shares."

Following a Monopolies and Mergers Commission report in 1976, Eurocanadian Shipboldings, of which Mr. Narby was chief executive, was told to reduce its stake in Furness Withy from 24.9 per cent to not more than 10 per cent by the end of 1979.

Last November Mr. Narby proposed a scheme whereby the Furness Withy shares would be transferred to shareholders of Eurocanadian. Under the arrangements Dolphin Investments received 11.2 per cent of the Furness equity.

Late last month the DoT said that this transaction did not fulfill the undertaking that Eurocanadian had given. In addition to informing Dolpbin, Canadian National Railways and Helix Investments the department warned that an order would be brought forward if it became clear that the Eurocanadian shareholders were attempting to obtain boardroom representation. The order would effectively disenfranchise the shares.

Mr. Narby said, yesterday from Switzerland, that his family did not presently intend to dispose of the bulk of its holding, nor indeed to make ny further disposals except at acceptable price levels. Furness Withy shares closed at 239p last night, up 1p.

**M. J. H. Nightingale & Co. Limited**

27/28 Lovat Lane London EC3R 8E8 Telephone: 01-621 1917

| 1979-80 High | Low | Company | Price | Change | Gross Div (p) | Yield % | P/E |
|---|---|---|---|---|---|---|---|
| 99 | 73 | Airsprung Ord. | 73 | — | 6.7 | 8.2 | 4.3† |
| 50 | 38 | Armitage and Rhodes | 39 | — | 3.8 | 9.7 | 2.5† |
| 227 | 185 | Bardon Hill | 227 | — | 13.8 | 6.1 | 6.7† |
| 100 | 85 | CCC 10.7% Pref. | 87 | — | 15.3 | 17.6 | — |
| 101 | 63 | Deborah Ord. | 91 | — | 5.0 | 5.5 | 10.0 |
| 353 | 140 | Deborah 17½% CULS | 350 | — | 17.5 | 5.0 | — |
| 94 | 68 | Frank Horsell | 94 | — | 7.9 | 8.4 | 5.8 |
| 129 | 100 | Frederick Parker | 108 | — | 12.8 | 11.9 | 8.4† |
| 156 | 105 | George Blair | 105 | — | 15.5 | 15.6 | —† |
| 62 | 45 | Jackson Group | 62 | — | 5.2 | 8.4 | 3.6† |
| 153 | 115 | James Burrough | 115 | — | 7.2 | 6.3 | 10.1 |
| 300 | 242 | Robert Jenkins | 250 | — | 31.3 | 12.5 | 8.0† |
| 232 | 175 | Torday Limited | 223 | — | 14.3 | 6.4 | 5.8† |
| 34 | 16¾ | Twinlock Ord. | 22¾ | — | 0.8 | 2.9 | 5.5† |
| 80 | 70 | Twinlock 12% ULS | 76 | — | 12.0 | 15.8 | — |
| 56 | 23 | Unilock Holdings | 55 | — | 2.8 | 4.7 | 11.7 |
| 84 | 42 | Walter Alexander | 82 | — | 4.4 | 5.3 | 5.4 |
| 190 | 136 | W. S. Yeates | 185 | — | 11.5 | 6.2 | 7.2 |

† Accounts prepared under provisions of SSAP 15.

GENERAL MINING GROUP

## THE GRIQUALAND EXPLORATION AND FINANCE COMPANY LIMITED

*(Incorporated in the Republic of South Africa)*

Issued Capital—R597,500 in 11,950,000 shares of 5 cents each

**REPORT FOR THE QUARTER ENDED 31 DECEMBER 1979**

**UNAUDITED CONSOLIDATED RESULTS OF THE GROUP**

| | Quarter ended 31.12.79 | Quarter ended 30.9.79 | Financial year ended 31.12.79 | Previous Financial year |
|---|---|---|---|---|
| **Operating Results** | | | | |
| Development—metres | 1,268 | 1,036 | 4,708 | 5,689 |
| Ore milled—tons | 111,000 | 106,000 | 406,000 | 454,000 |
| Fibre produced—tons | 13,087 | 11,812 | 50,485 | 64,338 |
| Percentage fibre recovered | 11.8 | 11.1 | 12.4 | 14.2 |
| Cost per ton ore milled | R37.09 | R35.30 | R35.87 | R33.01 |
| Revenue per ton fibre | R521.1 | R528.2 | R533.3 | R540.3 |
| Production costs per ton fibre | R314.6 | R316.8 | R288.5 | R232.9 |
| Selling costs per ton fibre | R114.4 | R112.4 | R112.1 | R113.2 |
| **Financial Results** | R'000 | R'000 | R'000 | R'000 |
| Operating profit | 1,877 | 1,491 | 7,656 | 12,454 |
| Profit after tax from non-mining subsidiaries | 52 | 120 | 237 | 352 |
| | 1,929 | 1,611 | 7,893 | 12,806 |
| Less: Interest and sundries | 132 | 206 | 704 | 256 |
| Currency losses | 41 | 44 | 152 | — |
| Profit before taxation | 1,756 | 1,361 | 7,037 | 12,550 |
| Provision for taxation | 378 | 253 | 1,579 | 3,501 |
| Net profit after taxation | 1,378 | 1,108 | 5,458 | 9,049 |
| Capital expenditure | 166 | 183 | 1,031 | 1,453 |
| Prospecting expenditure | 29 | 71 | 313 | 606 |
| Loan Levy | 31 | 24 | 145 | 416 |

Notes

1. Consolidated results are given, as information relating to the company only could be misleading.
2. Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year. Because of a distinct seasonal pattern in asbestos sales, results for the quarter under review should, preferably, be compared with those of the corresponding quarter of the previous financial year.
3. Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers.
4. Dividends Nos. 56 and 57 of 20 cents and 12½ cents per share respectively, were declared during the year.

On behalf of the Board

C. H. WALTERS
L. K. JOOSTE } Directors

*London Office:*
95 Gresham Street
London EC2V 7EN
*28 January 1980*

*Registered Office:*
6 Hollard Street
Johannesburg 2001
South Africa

# KNOCKING BRITISH INDUSTRY JUST ISN'T CRICKET.

Commonplace though it may be to dismiss the British economy as having a lack-lustre performance, there are many examples of continuing success which deserve recognition.

For example, financial services, energy, data communication, leisure and retailing are all areas in which Britain still excels. As do many leading British industrial companies, amongst whom Hanson Trust's success story would be hard to better. At September 30, 1979, the pre-tax profit of Hanson Trust rose for the sixteenth successive year, increasing by 19% over 1978, to a record £31.2 million with cash resources of £43 million.

OPENING THE INNINGS

Hanson Trust has been built up carefully to reflect a business philosophy that has not changed in sixteen years. It was our intention to build on a good existing business, continue its growth and enlarge it when we were sure that its success merited support.

At the same time, as innovators, we have sought planned investment in new companies which meet our growth criteria. This willingness of Hanson Trust to make bold moves into new areas is well known and widely supported.

WHY WE SCORE HEAVILY

In the UK, Hanson Trust has built up a solid foundation of growth in basic straightforward industries. Butterley Building Materials, a market leader in facing bricks, is one excellent example of this commitment to basic industry. Adding this to the very best in management standards, applied throughout all our companies, has made Hanson Trust the outstandingly successful entity that it is today.

BUILDING A LONG INNINGS

Hanson Trust places great value on management professionalism. To succeed, a company needs excellent management, our commitment to which is consistently relentless.

Consistency, then, has always been a Hanson Trust byword. Consistent in aim, consistent in good management, consistent in development and consistent in growth of profit and earnings per share, year by year.

However, our success in Britain is only half the Hanson Trust story. For the full picture, and to see just what we have achieved in the USA since we went there in 1973, please send for a copy of our Annual Report to Hanson Trust, FREEPOST, London SW3 1BR (no stamp required) or telephone: (01) 589 7070.

After all, to ignore the other half of our success story just wouldn't be cricket.

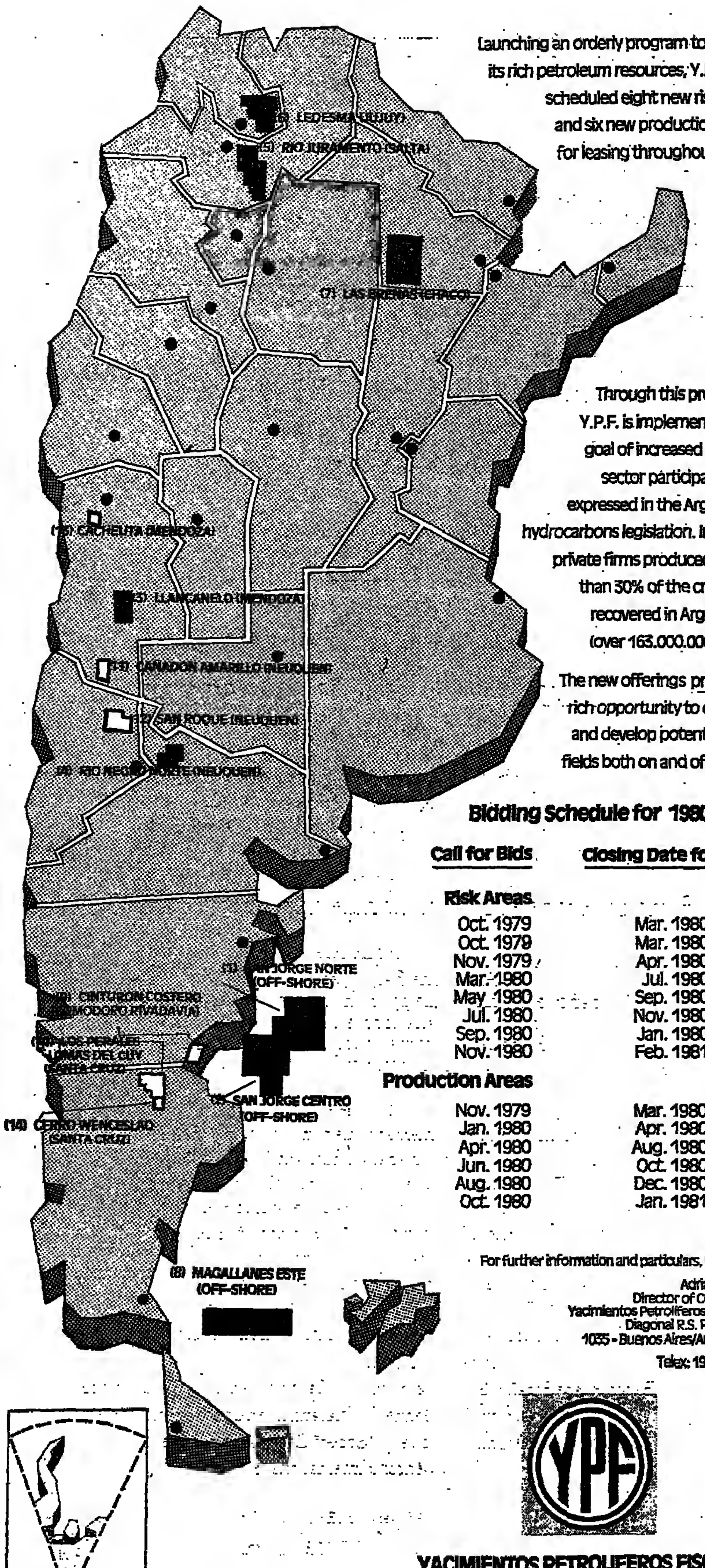
**Hanson Trust**

The industrial management company where people are as valued as assets.

**Oil in Argentina**

# Y.P.F. OPENS BIDDING ON NEW HIGH-POTENTIAL AREAS THROUGHOUT CURRENT YEAR

**Fourteen new areas will be offered for bidding.**




Launching an orderly program to exploit its rich petroleum resources, Y.P.F. has scheduled eight new risk areas and six new production areas for leasing throughout 1980.

Through this program, Y.P.F. is implementing its goal of increased private sector participation as expressed in the Argentine hydrocarbons legislation. In 1979, private firms produced more than 30% of the crude oil recovered in Argentina. (over 163.000.000 bbls.)

The new offerings provide a rich opportunity to explore and develop potential new fields both on and offshore.

**Bidding Schedule for 1980**

| Call for Bids | Closing Date for Bids | |
|---|---|---|
| **Risk Areas** | | |
| Oct. 1979 | Mar. 1980 | (1) |
| Oct. 1979 | Mar. 1980 | (2) |
| Nov. 1979 | Apr. 1980 | (3) |
| Mar. 1980 | Jul. 1980 | (4) |
| May 1980 | Sep. 1980 | (5) |
| Jul. 1980 | Nov. 1980 | (6) |
| Sep. 1980 | Jan. 1980 | (7) |
| Nov. 1980 | Feb. 1981 | (8) |
| **Production Areas** | | |
| Nov. 1979 | Mar. 1980 | (9) |
| Jan. 1980 | Apr. 1980 | (10) |
| Apr. 1980 | Aug. 1980 | (11) |
| Jun. 1980 | Oct. 1980 | (12) |
| Aug. 1980 | Dec. 1980 | (13) |
| Oct. 1980 | Jan. 1981 | (14) |

For further information and particulars, write to:

Adrián Pérès
Director of Contracts
Yacimientos Petrolíferos Fiscales
Diagonal R.S. Peña 777
1035 - Buenos Aires/Argentina

Telex: 1999/1792

YPF

YACIMIENTOS PETROLIFEROS FISCALES

# MINING NEWS

## No major rise expected in gold production

BY KENNETH MARSTON, MINING EDITOR

DESPITE HIGH prices for gold, world production of the metal seems unlikely to show very much increase in the 1980s, according to leading spokesmen at the Toronto conference on gold sponsored by Canada's Financial Post.

Paradoxically, the basic reason for this is that the high prices have made it economic to mine ore with a relatively low gold content but there has been no great increase in the amount of ore mined. At the same time, soaring capital costs, coupled with the scarcity of new high grade gold deposits, dampen prospects for a major increase in new mining operations.

One area that seems likely to step up production is the Peoples Republic of China, according to Mr. Michael Beckett, an executive director of Consolidated Gold Fields. He pointed out to the seminar that Chinese output is broadly similar to that of the U.S. and Canada, somewhere in the upper end of the 30-60 tonnes per year range.

Extensive exploration is being carried out and Mr. Beckett concluded that: "it would not be too fanciful to look for a 50 per cent and possibly even a 100 per cent increase in Chinese gold production by the 1990s."

Mr. Beckett said that estimates of Soviet bloc are now being prepared and will be detailed in Gold Fields' annual survey "Gold 1980," which will be available in June. In the meantime he thought that Russia's sales to the West last year fell to about 200-250 tonnes from just over 400 tonnes.

A major mine is the Muruntau facility which should be able to maintain an annual output of 80 tonnes "for many years." However, he thought that the earlier estimates of Soviet annual production of about 450 tonnes may have been too high in which case some of the sales in recent years must have been drawn from stocks.

As far as the non-Communist world is concerned, Mr. Beckett anticipated no major change in 1979 output from that of 1978. Speaking from Canada, Mr. Malcolm Taschereau, president of Dome Mines, reckoned that any increase in his country's production "will only happen over time, perhaps three to five years."

Mr. Dennis Etheredge, president of the South African Chamber of Mines, pointed out that South Africa's production—the highest in the world at some 703 tonnes—fell by 25 per cent over the past eight years while the amount of ore mined rose 16 per cent in the same period. This, of course, is a reflection of the continuing trend towards mining lower grade ore.

At the same time, the higher gold prices have extended the lives of the mining operations and kept open some of the mines which would otherwise have closed down. He also believed that there would also be a redoubling of efforts to find more gold orebodies in South Africa with more attention being paid to the prospects of the old goldfields around Barberton, Sabie, Pilgrim's Rest and Lydenburg. Some new mines must be expected, he thought.

Although concerned about the effect on the jewellery trade of high gold prices, Mr. Etheredge thought that "the world gold market looks in extremely good shape." While a setback in the price was likely, he still anticipated an overall upward movement and based his confidence on the fundamental underlying strength of the market "which was evident before the recent frenetic buying began."

### GEFCO PROFITS DIP SHARPLY

LOWER PRODUCTION and rising costs have eaten into the 1979 profits of Griqualand Exploration and Finance (Gefco), the South African crocidolite asbestos producer in the General Mining group.

Net earnings last year were R5.45m (£2.94m) compared with R9.04m in 1978, the group announced yesterday. But some recovery was taking place by the fourth quarter when earnings were R1.37m against R1.1m in the 1978 final quarter.

For the whole of last year, fibre production was 50,485 tonnes against 64,338 tonnes in 1978, but costs rose to R35.87 a tonne from R33.01, while average revenue per tonne slipped to R533.3 from R549.3.

## Rhodesian output at new high

THE VALUE of Rhodesian mining production rose 25 per cent to a record R$315.5m (£206m) last year, despite the guerrilla war and a sluggish world economy, reports Tony Hawkins from Salisbury.

A major factor in the rise was the increase of the gold price. Rhodesia claims to be the non-Communist world's fifth largest gold producer and last year gold became its main export for the first time since World War II.

Mining output value would exceed R$400m this year, forecast Mr. Mike Cawood, the Secretary for Mining. He noted that the current gold price is more than double the 1979 average.

The industry will also benefit during 1980 from the lifting of economic sanctions. This should boost export earnings from chrome, copper, nickel and asbestos.

### ROUND-UP

Fording Coal, the British Columbia coal producer owned by Canadian Pacific Investments and Cominco, is spending C$115m (£43.76m) to raise capacity in stages from 2m tons to 5m tons a year.

* * *

Witwatersrand Nigel, the small South African gold producer, followed the trend of rising profits in the industry with an announcement of net earnings in the December quarter of R668,421 (£361,269), compared with R383,908 in the three months in September.

# OIL AND GAS NEWS

## Natomas discovers new field off Sumatra

PERTAMINA, Indonesia's State oil company, has announced the discovery of a new oilfield off the coast of the island of Sumatra, reports Richard Cowper from Jakarta.

The company said that the field, named Krishna, would have an initial capacity of 21,000 barrels a day and hoped that production would start before the end of the year.

The discovery—17 miles north of the Cinta oil production complex—comes after four exploration wells were successfully tested by Natomas, Pertamina's contractor, which has a 53 per cent stake in the field. The oilfield designated so far covers 10,000 acres, but test drilling will be accelerated this year in the hope that the field is larger.

Meanwhile, Mobil Oil has struck gas in an exploration well in the province of Aceh in North Sumatra, 19 miles south-east of Arun, Indonesia's largest gas field.

Mobil, which is drilling the well under a production sharing agreement with Pertamina, said it was too early to evaluate its commercial potential.

The board of Petrobras, Brazil's national oil company, has limited the exploration areas to be worked by the Corporation itself to the 760,000 square km—484,000 nshore and 275,900 offshore—in which it is already producing or drilling, reports Diana Smith from Brasilia.

The remainder of Brazil's five million square km of sedimentary basins will be open to risk contracts with private companies, either foreign or local.

This is a radical shift in Brazil's "the oil is ours" policy, and reflects the Government's ambition to see domestic wells producing 500,000 barrels a day by 1985, compared with the current output of 190,000 barrels a day.

Petrobras has announced that the fourth round of bidding for risk areas will begin in May: 460,000 square km will be offered—46 blocks of about 1,000 square km each that stretch from the coast of Amapa Territory in the far north to an area south of Sao Salvador de Bahia, on the north-east coast.

* * *

Transco Exploration has made a commercial natural gas discovery at West Cameron, 38 miles offshore the coast of Louisiana. Log analyses indicate gas accumulations in two zones below 8,600 feet.

Drilling is continuing in the discovery well to explore other potential productive sands. The well is being drilled in 60 feet of water on the 5,000-acre block. Transco plans to have this field on production in 1981.

The block was purchased by Transco and its partners for $6.6m at the July 1979 Federal Lease sale. Transco has a 41.7 per cent working interest; Freeport Oil, a unit of Freeport Minerals, 41.7 per cent; and Energy Development Corporation 16.6 per cent.

* * *

Three new natural gas fields with rich deposits were found last year in the eastern part of China's Sichuan Province, according to the New China News Agency. Sichuan is already a gas producing area.

The gas was discovered in a 4,000 metre deep stratum of the carboniferous system, the first time China has discovered gas in such strata, the Agency added.

* * *

Texaco has signed a joint exploration agreement with AGIP of Italy, to assist in increasing petroleum exploration in the U.S.

Texaco, operator of the project, is to drill six exploratory wells on Texaco-held leases in Texas, Mississippi and Pennsylvania. AGIP will earn an interest in the leases through financial participation, although the cost to AGIP was not disclosed.

The two companies entered into similar exploration agreements last year covering 12 exploratory wells in the Sacramento and Salinas Valleys of California and in the Cook Inlet area of Alaska.

**Johnson + Firth Brown Group**

In the fifteen months to 30th September 1979, we had to contend with the transport strike, last winter's appalling weather and the engineers' dispute which together cost us approximately £5m in profits and cash.

Despite this we made pretax profits of £10.2m on a turnover of £318.8m. We also commissioned the £10m GFM precision forging project and acquired Glossop Superalloys, specialists in nickel base alloys.

Since the period end, we have announced the sale of our house-building subsidiary and completed the purchase of Cannon-Muskegon which, like Glossop Superalloys, manufactures highly specialised alloys for the aerospace industry.

We remain confident that our policy of concentrating on specialised products and processes is fundamentally sound, and that, in the absence of recurrent industrial disputes, the group will prosper to the benefit of employees and shareholders alike.

J.M. Clay,
Chairman

*Copies of the Report and Accounts are available from The Secretary, Johnson + Firth Brown Limited, Smithfield House, Sheffield S1 2AU.*

NORTH AMERICAN NEWS

# Shell Oil lifts earnings by 72% in final quarter

BY DAVID LASCELLES IN NEW YORK

SHELL OIL, the U.S. subsidiary of Royal Dutch Shell, extended the string of strong gains reported by the oil majors yesterday when it announced a 72 per cent rise in fourth quarter earnings, from $192.3m, or $1.27 a share, to $331.2m, or $2.15 a share. Revenues were up from $2.9bn to $4.3bn.

This brought Shell Oil's year-end earnings to $1.1bn, or $7.32 a share, up 38 per cent from $814m, or $5.45 a share, in 1978. Revenues for the year were $14.5bn, np from $11.1bn.

Mr. John Bookout, cbairman, said that most of the increase had come from Shell's oil and gas exploration and production business, and chemicals. Income from refining and marketing was little changed from the previous year, mainly because selling prices rose more slowly than meterials and operating costs. Sales volnme was also lower.

Shell stressed that these large earnings gains should be seen in the light of its heavy capital and exploration budget, which reached $2.4bn last year and is expected to rise to $2.7bn in 1980. These figures exclude the $3.65bn which Shell paid out at the end of last year to acquire Belridge Oil, the Californian oil company, in what was the biggest corporate takeover in the U.S. to date.

Mr. Bookont said that last year Shell Oil added total hydrocarbon reserves equal to 88 per cent of wbet it prodnced during the year, again excluding Belridge.

He added: "Our spending empbasis will continue to ba on oil, natural ges and other energy projects."

Mr. Bookont also pointed out that some $1.9bn of planned spending for 1980 would go on exploration and development of energy resources, mainly in the U.S.

# Phillips wins fight over patent

BY SUE CAMERON, CHEMICALS CORRESPONDENT

A U.S. Federal judge has found in favour of Phillips Petroleum after a 20-year-old battle over a patent on solid crystalline polyprnpylene.

The U.S.-based Phillips Petroleum has been fighting three companies—the Italian-based Montedison, and the U.S. groups, Standard Oil of Indiana and Du Pont, since 1958.

The long legal case may not be over yet. An appeal against this latest decision is expected to be made by at least one of the other three companies involved.

Phillips said that it would be prepared to offer licences to polypropylene manufacturers as soon as the U.S. patent was issued. It refused to put a figure on the valns of the patant, but said it would be worth "several millinn dollars a year" dnring its 17-year life.

Polypropylene is used in the making of a wide variety of products, including man-made fibres for carpets, antomotive and domestic appliance parts and packaging film.

## Thomson may raise borrowing

TORONTO — Thomson Newspapers may have to borrow more than the projected C$90m (US$104m) to finance the acquisition of FP Publications, Mr. Peter Bogart, Thomson's vice-president of finance, said.

Thomson bought FP Publications for C$164.7m and the takeover is scheduled for completion on January 31. Reuter

## Rosario has more suitors

NEW YORK—The Board of Rosario Resources Corporation which faces a bid from Hudson's Bay Mining and Smelting, announced that it is holding discussions with "several other purchasers."

The company, which is an important prodncer of silver among its mining operations, said that the discussions were in a preliminary stage and no assurance could be given that a better offer will be obtained. Hudson's Bay wants to acquire Rosario Resources for $65 a share.

The Board of Rosario has asked shareholders to defer their decision on the Hndson's Bay offer while it continues its talks with other possible purchasers in a effort to obtain a better offer. Reuter

## Strong gain for Union Pacific on year

By Our New York Staff

UNION PACIFIC, the diversified railroad and energy group, registered a sharp rise in 1979 earnings, partly brought ebout by the strength of its energy and natural resonrees business. Profits were $382.5m or $8.02 per share, up from $264.1m or $5.55. Revennes were $3.03bn compared to $2.99bn the year before.

In the final quarter, Union Pacific earned $100.8m or $2.11 per share compared to $79.6m or $1.67, in the same quarter of 1978.

Mr. James Evans, chairman, said that for the first time Union Pacific owed more than half its earnings to its energy and natural resource business, with earnings from its petroleum subsidiary rising 91 per cent. Union Pacific Railroad's earnings rose 8 per cent to $150.7m.

But Mr. Evans warned that 1980 was hard to assess. "It will be difficult to duplicate the strong advance achieved in 1979. But nevertheless we anticipate further growth," he said.

EUROBONDS

# New issue calendar set at DM 740m

BY FRANCIS GHILES

THE February calendar of foreign Deutsche Mark bond issnes was opened yesterday when Westdeutsche Landesbank launched a DM 100m private placement for Sweden. This bond includes a bullet maturity of seven years and carries an indicated coupon of 8 per cent. It is expected to be priced at par.

The German Capital Markets sub-Committee agreed on a calendar of new issues to February 25 which amounts to DM 740m. This figure could be higher if the European Investment Bank, which has been negotiating for many months to do a public D-Mark denominated bond comes to the market. That may well not happen, as this borrower is understood to be pressing for finer terms, something which it has so far only succeeded in doing in this aector when it arranges private placements.

The issue for Sweden will be followed on February 1 by a DM 200m pnblic bond for the Commonwealth of Australia to be managed by Deutsche Bank. This same borrower will raise a further DM 200m in the form of a private placement through the same lead manager on February 18. Before then, on February 8, Dresdner Bank is expected to launch a DM 100m private placement for a European industrial eddress. On February 12, Commerzbank will launch a DM 40m private plecement for a non-European industrial address.

The same bank will announce a further bond in the form of a DM 100m public issue for a Latin American borrower on February 19. On February 25, the date of the next capital merkets sub-committee meeting, Westdeutsche Landesbank is expected to launch a DM 50-DM 100m issue for a non-Europeeo Industrial address but this issue, together with others expected on February 26 and 29 through Dresdner Bank and Deutsche Bank, are not technically included in the February calendar.

The terms offered on the new Sweden issue point to the fact that yields on foreign and domestic Deutscbe Mark bond issues are drawing very close. Indeed the latest domestic D-Mark bond is a DM300m ten-year issue for the City of Hamburg which carries a coupon of 8 per cent. Throughout the past 12 months, domestic Deutsche bonds have consistently offered higher yields than foreign ones. But today demand from abroad is slack and German banks thus have no option but to increase the yield offered on such paper.

# McDonnell Douglas boosts sales and profits

BY STEWART FLEMING IN NEW YORK

A SHARP increase in the number of commercial airliners delivered to customers boosted the sals revenues of McDonnell Douglas 27 per cent to $5.3bn last year. Net income for the aerospece concern rose by 24 per cent to $199m equal to $5.06 a share, from $161.1m or $4.14 a share in 1978.

Mr. James S. McDonnell, the chairman, said that increased commercial jet deliveries were primarily responsible for the rise in sales revenues, but that earnings were adversely affected by costs associated with the development and accelerated production of commercial jets.

Earnings for the fourth quarter of the year were $51.7m or $1.31 a share, compared with $43.8m or $1.12 a share a year earlier. The company's firm order backlog was $6.98bn at the end of 1979, almost $1bn more than in 1978.

The U.S. aerospace industry bas ben enjoying the beginning of what is expected to be a protracted period of growth in demand for passenger aircraft as airlines phase out older, less fuel efficient jets and bring in newer models. Boeing, too, has been reporting big profit increases.

But there bave been signs of some airlines trimming new orders in the face of the uncertain economic climate and rising costs.

There is now the prospect, too, of a bigger demand for tbe company's military aircraft as defence spending rises in response to the foreign policy challenges that bave arisen and growing political pressure for an increased defence budget.

The Administration is already proposing a 5 per cent rise in the defence budget in real terms and the hawks in Congress are calling for more. Defence stocks, as a result, bave been strong. McDonnell Douglas's share price, which languished in the upper 20s through much of last year, partly because of concern about the financial impact of the tragic crash of its DC10 jet in Chicago, has been quoted around $46 recently.

The company disclosed that its sales revenues for 1979 were split 40 per cent commercial and 60 per cent military and that its firm order backlog was divided 50 per cent commercial, 50 per cent military.

## AMERICAN QUARTERLIES

**AIR PRODUCTS AND CHEMICALS**

| | 1979 $ | 1978 $ |
|---|---|---|
| First quarter | | |
| Revenue | 317.4m | 275.5m |
| Net profits | 31.03m | 21.94m |
| Net per share | 1.09 | 0.78 |

**AMERICAN BRANDS**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 1.5bn | 1.4bn |
| Net profits | 91.15m | 60.27m |
| Net per share | 3.14 | 2.26 |
| Year | | |
| Revenue | 5.8bn | 5.2bn |
| Net profits | 347.3m | 211.5m |
| Net per share | 12.00 | 7.93 |

**AMERICAN EXPRESS**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 1.24bn | 1.08bn |
| Net profits | 82.4m | 79.6m |
| Net per share | 1.15 | 1.11 |
| Year | | |
| Revenue | 4.67bn | 4.08bn |
| Net profits | 345.3m | 314.0m |
| Net per share | 4.83 | 4.39 |

**AMSTED INDUSTRIES**

| | 1979 $ | 1978 $ |
|---|---|---|
| First quarter | | |
| Revenue | 226.8m | 205.5m |
| Net profits | 20.0m | 17.38m |
| Net per share | 1.85 | 1.61 |

**BAUSCH AND LOMB**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 132.2m | 122.8m |
| Net profits | 11.7m | 8.45m |
| Net per share | 0.98 | 0.72 |
| Year | | |
| Revenue | 503.0m | 441.7m |
| Net profits | 41.2m | 29.8m |
| Net per share | 3.49 | 2.54 |

**BLUE BELL INC.**

| | $ | $ |
|---|---|---|
| First quarter | | |
| Revenue | 247.5m | 195.5m |
| Net profits | 11.97m | 8.59m |
| Net per share | 0.96 | 0.69 |

**BRIGGS & STRATTON**

| | 1980 $ | 1979 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 186.6m | 147.7m |
| Net profits | 15.29m | 14.13m |
| Net per share | 1.06 | 0.89 |
| Six months | | |
| Revenue | 324.7m | 260.1m |
| Net profits | 22.27m | 21.55m |
| Net per share | 1.54 | 1.49 |

**CENTRAL TELEPHONE & UTILITIES**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 190.8m | 173.8m |
| Net profits | 20.32m | 18.22m |
| Net per share | 0.81 | 0.74 |
| Year | | |
| Revenue | 750.5m | 654.7m |
| Net profits | 83.05m | 74.6m |
| Net per share | 3.34 | 3.03 |

**CITY INVESTING CO.**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 1.31bn | 1.09bn |
| Net profits | 36.9m | 33.3m |
| Net per share | 1.41 | 1.30 |
| Year | | |
| Revenue | 5.04bn | 3.79bn |
| Net profits | 132.6m | 112.4m |
| Net per share | 5.07 | 4.27 |

**CLOROX**

| | 1979 $ | 1978 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 142.5m | 130.3m |
| Net profits | 7.05m | 5.36m |
| Net per share | 0.31 | 0.28 |
| Six months | | |
| Revenue | 303.0m | 270.5m |
| Net profits | 17.49m | 14.36m |
| Net per share | 0.76 | 0.63 |

**COPELAND**

| | 1979 $ | 1978 $ |
|---|---|---|
| First quarter | | |
| Revenue | 89.1m | 73.6m |
| Net profits | 5.89m | 2.89m |
| Net per share | 0.96 | 0.51 |

**FEDDERS CORPORATION**

| | 1979 $ | 1978 $ |
|---|---|---|
| Year | | |
| Revenue | 176.8m | 242.3m |
| Net profits | †36.5m | 2.6m |
| Net per share | †3.47 | 0.06 |

† Loss

**GLOBAL MARINE**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 42.7m | 35.0m |
| Net profits | 7.33m | 2.65m |
| Net per share | 1.38 | 0.60 |
| Year | | |
| Revenue | 154.6m | 118.6m |
| Net profits | 20.76m | 8.21m |
| Net per share | 4.21 | 1.85 |

**INTERLAKE**

| | 1979 $ | 1979 $ |
|---|---|---|
| Fourth quarter | | |
| Net profits | 13.66m | 8.45m |
| Net per share | 2.28 | 1.43 |
| Year | | |
| Revenue | 1.10bn | 921.1m |
| Net profits | 39.74m | 10.49m |
| Net per share | 6.86 | 1.77 |

**MIDDLE SOUTH UTILITIES**

| | | |
|---|---|---|
| Year | | |
| Revenue | 1.83bn | 1.63bn |
| Net profits | 182.06m | 185.44m |
| Net per share | 2.13 | 2.48 |

**STANDARD BRANDS PAINT**

| | 1979 $ | 1978 $ |
|---|---|---|
| First quarter | | |
| Revenue | 246.9m | 42.1m |
| Net profits | 3.88m | 2.74m |
| Net per share | 0.69 | 0.52 |

**VARIAN ASSOCIATES**

| | 1979 $ | 1978 $ |
|---|---|---|
| First quarter | | |
| Revenue | 133.9m | 101.3m |
| Net profits | 4.27m | 3.282m |
| Net per share | 0.58 | 0.44 |

**KOPPERS**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 588.99m | 447.79m |
| Net profits | 22.04m | 25.50m |
| Net per share | 0.83 | 1.05 |
| Year | | |
| Revenue | 1.33bn | 1.58bn |
| Net profits | 36.47m | 75.01m |
| Net per share | 3.27 | 3.01 |

**LIBBEY-OWENS-FORD**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 296.1m | 286.5m |
| Net profits | 9.03m | 16.82m |
| Net per share | 0.70 | 1.32 |
| Year | | |
| Revenue | 1.21bn | 1.11bn |
| Net profits | 58.08m | 65.3m |
| Net per share | 4.00 | 5.50 |

**LOUISIANA-PACIFIC**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 320.7m | 287.4m |
| Net profits | 21.83m | 22.82m |
| Net per share | 0.77 | 0.79 |
| Year | | |
| Revenue | 1.3bn | 1.04bn |
| Net profits | 108.4m | 81.87m |
| Net per share | 3.60 | 2.33 |

**MEREDITH CORPORATION**

| | 1979 $ | 1978 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 89.4m | 80.7m |
| Net profits | 8.47m | 4.01m |
| Net per share | 2.08 | 1.29 |
| Six months | | |
| Revenue | 170.8m | 157.4m |
| Net profits | 11.0m | 7.58m |
| Net per share | 3.53 | 2.45 |

**NABISCO**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 643.16m | 619.77m |
| Net profits | 35.39m | 34.55m |
| Net per share | 1.10 | 1.08 |
| Year | | |
| Revenue | 2.37bn | 2.20bn |
| Net profits | 99.78m | 101.56m |
| Net per share | 3.10 | 3.15 |

**NORRIS INDUSTRIES**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 172.1m | 163.5m |
| Net profits | 10.03m | 11.77m |
| Net per share | 1.03 | 1.20 |
| Year | | |
| Revenue | 659.3m | 628.3m |
| Net profits | 35.23m | 41.70m |
| Net per share | 3.61 | 4.27 |

**NORTHERN STATES POWER**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 285.3m | 230.5m |
| Net profits | 18.0m | 17.8m |
| Net per share | 0.59 | 0.59 |
| Year | | |
| Revenue | 1.05bn | 979.3m |
| Net profits | 106.3m | 100.7m |
| Net per share | 3.51 | 3.39 |

**PFIZER**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 743.8m | 650.7m |
| Net profits | 58.6m | 58.1m |
| Net per share | 0.80 | 0.77 |
| Year | | |
| Revenue | 2.75bn | 2.4bn |
| Net profits | 237.9m | 209.9m |
| Net per share | 3.26 | 2.89 |

**PROCTER & GAMBLE**

| | 1978 $ | 1978 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 2.62bn | 2.25bn |
| Net profits | 146.67m | 127.1m |
| Net per share | 1.77 | 1.54 |
| Six months | | |
| Revenue | 5.29bn | 4.53bn |
| Net profits | 332.33m | 294.9m |
| Net per share | 4.02 | 3.56 |

**SANTA FE INDUSTRIES**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 716.4m | 571.9m |
| Net profits | 75.3m | 50.3m |
| Net per share | 2.65 | 1.61 |
| Year | | |
| Revenue | 2.56bn | 2.10bn |
| Net profits | 227.7m | 165.3m |
| Net per share | 8.08 | 5.96 |

**TRANS UNION**

| | 1979 $ | 1978 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 264.9m | 212.5m |
| Net profits | 20.02m | 14.51m |
| Net per share | 1.63 | 1.22 |
| Year | | |
| Revenue | 922.5m | 772.7m |
| Net profits | 60.67m | 53.80m |
| Net per share | 5.01 | 4.52 |

**WINN-DIXIE STORES**

| | 1979 $ | 1978 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.63bn | 1.49bn |
| Net profits | 24.06m | 25.76m |
| Net per share | 0.89 | 0.81 |
| Six months | | |
| Revenue | 2.78bn | 2.58bn |
| Net profits | 44.26m | 45.41m |
| Net per share | 1.63 | 1.60 |

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on January 28

**U.S. DOLLAR STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day −0⅛ on week −1⅛

**DEUTSCHE MARK STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day −0⅛ on week 0

**SWISS FRANC STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day −0⅛ on week −0⅛

**YEN STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day 0 on week −0⅛

**OTHER STRAIGHTS**

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**FLOATING RATE NOTES**

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day 0 on week −0⅛

**CONVERTIBLE BONDS**

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Essalte 7¾ 89 | 9/79 | 159 | 92 | 94 | 0 | −2.69 |
| Honda Motor 5½ 89 | 5/79 | 532 | 102¼ | 103¾ | −3½ | 2.89 |
| LPC Internatnl. 8 89 | 8/79 | 35 | 109⅝ | 110⅝ | 0 | 1.43 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 93⅞ | 94⅝ | +1¼ | 14.53 |
| Mitsubishi Cp. 6½ 94 | 10/79 | 604 | 126⅝ | 127⅝ | −2½ | 4.38 |
| Nippon Seiko 7¾ 94 | 12/78 | 339 | 93⅝ | 94⅞ | −0⅝ | 1.22 |
| Nitto Elec. Ind. 8 94 | 7/79 | 735 | 81 | 82 | +0⅞ | 14.54 |
| Toshiba Cpn. 7¾ 94 | 10/79 | 189 | 98⅝ | 99⅝ | +0⅝ | 3.44 |
| Union Bk. Switz. 5 89 | 2/80 | 125 | 110⅝ | 111⅞ | −0⅝ | 4.17 |
| Fujitsu 5 84 DM | 7/79 | 476 | 98⅝ | 99⅝ | +0⅞ | 20.84 |
| Kansai Elec. 4 94 DM | 4/79 | 1234 | 85½ | 86½ | +0⅝ | 50.84 |
| Tokyu Ld. Cp. 4 88 DM | 4/79 | 493 | 78⅝ | 79⅝ | +0⅝ | 42.25 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 94⅞ | 95⅝ | +0⅝ | 13.39 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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AUMAR

Autopistas del Mare Nostrum, S.A.

concessionaire to the state

DM100,000,000

Medium Term Loan

Managed by

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Co-Managed by

Algemene Bank Nederland NV

Banque Commerciale pour l'Europe du Nord (Eurobank)

Banque Internationale à Luxembourg S.A.

PKbanken International (Luxembourg) S.A.

Union Bank of Switzerland

Provided by

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Algemene Bank Nederland NV

Banque Commerciale pour l'Europe du Nord (Eurobank)

Banque Internationale à Luxembourg S.A.

PKbanken International (Luxembourg) S.A.

Union Bank of Switzerland

Banque de Neuflize Schlumberger Mallet · Nordic Asia Limited

Société Générale de Banque S.A. · Banque Nationale de Paris

Al Saudi Banque · American Fletcher Bank (Suisse) S.A.

Banca della Svizzera Italiana (Overseas) Limited

Banco Arabe Español S.A. "Aresbank" · Banco di Santo Spirito (Luxembourg)

Banque de l'Union Européenne · Havana International Bank Limited

Interunion-Banque · Société Centrale de Banque

Westfalenbank International S.A.

Adviser to the Borrower

Banco Central S.A.

Agent Bank

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

# INTERNATIONAL COMPANIES and FINANCE

This announcement appears as a matter of record only

Issue of new shares December, 1979

**Sarakreek Holding N.V.**

(Incorporated with limited liability in and under the laws of the Netherlands)

**1,325,760 shares**

at U.S.$30 per share

850,962 shares were subscribed for this issue through

**Sarakreek Participations N.V.**

(Incorporated with limited liability in and under the laws of the Netherlands Antilles)

J. Henry Schroder Wagg & Co. Limited
Amsterdam-Rotterdam Bank N.V.
Banque Privée de Gestion Financière S.A.
J. Henry Schroder & Co. S.A.L.
Société Générale de Banque S.A.
Abu Dhabi Investment Company
Gefinor Finance S.A.
Société Générale

The proceeds of the above issue are to be invested in developed real estate in the United States of America

The shares of Sarakreek Holding N.V. are listed on the Amsterdam Stock Exchange

## Sharp fall in U.S. bank lending to LDCs

By Nicholas Colchester

CAPITAL CONSTRAINTS and exposure to the loan risk of less developed countries (LDCs) are part of the reason why U.S. banks have substantially slowed their lending to developing countries, Mr. Henry Wallich, a governor of the Federal Reserve Board, told a conference in New York last week.

He pointed out that between December 1975 and June 1979, the U.S. bank's share of all international claims on non-oil LDCs droped from 54 per cent to 38 per cent, while their share in annual net new lending to such countries dropped from 46 per cent ($13bn) to 15 per cent ($6bn).

Mr. Wallich thought that risk exposure was one of the main sources of restraint. "The banks have to watch carefully their concentration ratios, which are monitored by means of the Fed — Federal Deposit Insurance Corporation — Comptroller of the Currency risk evaluation system. These focus on the percentage of capital exposed to risk in each particular country," he explained.

For many LDCs, exposures would be "listed" by the authorities if their extent exceeded 10 per cent of a bank's capital funds, and exposures of more than 15 per cent would receive special comment in the examination reports, Mr. Wallich said. "The largest LDCs would be subject to such coment in a number of U.S. banks"

While explaining that such comment did not constitute a ban, Mr. Wallich went on: "If banks with exposures above the comment level wished to avoid an increase in these exposures, their lending could only increase in proportion to the growth of the capital, i.e. roughly 10 per cent."

## Philips in chemicals sale to Solvay

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, is to sell its chemicals and pharmaceutical subsidiory, Duphar, to the Belgian chemicals group, Solvay.

The two companies, it is announced, have reachad an agreement in principle on the transfer of activities which produce turnover of around Fl 500m ($263m) in crop protection and veterinary and pharmaceutical prodncts.

Solvay is holding parallel discussions with North American Philips to take over Duphar and other chemical operations in the U.S. worth around Fl 600m in annual turnover. Duphar has a workforce of 2,500, of whom 2,000 are in the Netherlands.

The financial details of the transactions still have to be settled, Philips said.

The Dutch company has been trying to sell its Duphar activities for the past eight years. Talks with a number of chemical groups, including the Dutch company, Akzo, Dow Chemical of the U.S. and Schering of West Germany, all failed.

Philips recently concluded that Duphar would have to be split up despite the opposition of the unions. Schering took over its crop protection and leaf fertiliser activities in West Germany. In November, 1978, Mallinckrodt of the U.S. and the BYK-Gulden Lomberg Chemische Fabrik of West Germany each took a half-share in Duphar's radio-active isotope activities.

Duphar recently began making modest profits after eight years of losses. In the longer term though, Philips saw no future for these activities within its electrical equipment business.

The Dutch unions are involved in discussions over Duphar's future but Philips has said the transfer will not affect its personnel.

The takeover is in line with Solvay's efforts to strengthen its pharmaceutical activities, Philips said. It will supplement the operations of Solvay's West German subsidiary, Kali-Chemie. Solvay already employs 1,850 of its 45,000 workforce at 11 establishments in the Netherlands. It has group sales of Fl 6.5bn ($3.4bn).

● Philips' cable-making subsidiary, NKF, is studying the merger of two plants in Delfzijl which could lead to the loss of up to 150 jobs. Delays in the expected switch to plastic insulated telephone cables from paper-coated cables has meant machinery for the latter must be renewed. Philips has already announced plans to shed 465 jobs at its Draka cable subsidiary because of poor markets and increasing campetition.

## Perstorp increases turnover

BY VICTOR KAYFETZ IN STOCKHOLM

PERSTORP, the Swedish chemicals and plastics maker, had unchanged pre-tax earnings of SKr 43m ($10.4m) in the first four months of the financial year that began on September 1. Sales rose by 21 per cent to SKr 52.3m ($126m).

Three-fourths of the increase resulted from higher prices. The rest was attributable to a rise in volume in all Perstorp companies. The group is sticking to its December forecast that earnings in financial 1980-81 will be about the same as the SKr 111m recorded last year.

Mr. Karl-Erik Sahlberg, the managing director, wrote last month in the annual report that Perstorp had reached a peak in 1978-79 and growth would flatten out in the current year. This month he told the annual general meeting that the group's markets would bottom out carly in 1981, but expressed confidence that Perstorp's structural changes of recent years had created sufficient strength to more than outweigh this market trend.

Mr. Sahlberg emphasised the long-term economic and strategic importance of the recent shift from oil to coal heating at some Swedish factories, where oil-based steam costs three times as much as in the group's Toledo, Ohio, factory and 25 per cent more than in the UK factory at Aycliffe, Darlington. He indicated that during 1980 Perstorp would probably approve plans for forward integration of existing plastic production in the U.S. and Britain.

During September-December, sales by Perstorp Chemicals rose by 31 per cent to SKr 228m, while Perstorp Components recorded a 20 per cent rise in turnover to SKr 164m.

Smaller Perstorp companies also showed higher sales, except Perstorp Brazil, whose turnover dropped from SKr 55m to SKr 53m. A 30 per cent devaluation of the cruzeiro in December reduced the latter company's operating income by SKr 3m and currency exchange losses in Brazil had a negative impact on group earnings.

Investments for the four-month period doubled to SKr 40m, a trend expected to continue for the rest of the financial year. Major projects include a new impregnating and laminate pressing facility in Brazil, a factory in Britain to make amino moulding compounds and improvements at existing southern Swedish factories that make polyalcohol, moulded goods and continuous laminates.

Liquidity and solvency are good but both are expected to decline later this year because of increased investments, partly externally financed.

## Heavy foreign demand on Oslo Bourse

By Fay Gjester in Oslo

FOREIGN investor interest in the Oslo bourse rose steeply in the last quarter of 1979 following central bank concessions aimed at easing the restrictions on foreign investment in Norway.

For the year as a whole, currency licences amounting to NKr 19.5m were issued to foreigners wanting to buy Norwegian shares and bonds, compared with NKr 2.5m in 1978. The Bank of Norway said that most of the licences were issued in the final quarter of the year after the central bank's announcement in October that non-residents could buy quoted shares and bearer bonds up to a limit of NKr 1m ($204,000). The earlier limit was NKr 50,000.

Market sources say UK and German investors have been particularly active, and some blocks of shares have gone to foreign insurance companies.

The foreign interest has been one of several factors holding up share prices on the Oslo Bourse over the past few months. Another is a recent Norwegian Government ruling allowing banks, life insurance companies and pension funds to cover part of their placement obligations, under the credit law, by increasing their holdings of Norwegian shares and bearer bonds.

● Norwegian commercial banks, savings banks and insurance companies could increase their shareholdings by a maximum NKr 700m to NKr 800m per year from 1980 to 1985, the Norwegian bankers association said in an economic survey, writes Reuter from Oslo. This would result from changes in monetary and credit laws which allow the institutes to use investment in shares to some extent to comply with their present compulsory investment quotas for bearer bonds.

## Swiss insurer to hold dividend

BY JOHN WICKS IN ZURICH

SATISFACTORY underwriting profils and the prospect of a maintained dividend were announced yesterday by the Swiss insurance group, Baloise.

Baloise Holding, the parent company, and the Baloise Life Insurance Company, together with the French insurer, Cordialite-Baloise, expect to be able to pay an unchaoged dividend of 14 per cent for 1979.

According to shareholders, consolidated premium income amounted to some SwFr 1.4bn ($869.5m) last year, an increase of some 7 per ceot. Results were affected "only sligbtly" by exchange rate fluctuations, and underwriting profits are said to have been generally satisfactory. The rise in interest rates in the second half of the year, however, led to increased write-offs on security holdings, particularly in the case of the Baloise Insurance Company.

Premium income is reported to have risen by some 6 per cent for Baloise Insurance, by 10 per cent for Baloise Life Insurance and 3 per cent for the Paris-based Cordialite-Baloise. For 1980, the holding company expects premium income growth for the group at about the same rate as last year and a continuation of satisfactory underwriting earnings.

* * *

THE BASLE Stock Exchange reports a 28.2 per cent rise in turnover to SwFr 25.39bn ($15.97bn) for 1979, a record for the Bourse, which lists over 300 domestic and foreign shares and about 1,700 bonds. The previous highest level was SwFr 23bn in 1976. The number of bargains booked in Basle during 1979 rose from 74,771 to 82,291, but this was still below the level recorded in tha 1975-77 period.

## Veba explains petrol margins

DUESSELDORF—Veba Oel AG is earning a profit of 1.8 pfennigs before tax, or almost 1 pfennig after tax on each litre of petrol it sells following the latest petrol price increases.

Herr Fritz Oschmann, managing board chairman, said that this was the "minimum we need to finance necessary investment for the future."

Veba Oel has a 54 per cent stake in Aral AG, West Germany's biggest petrol station operator, which raised its petrol prices by 8 pfennigs a litre on January 21.

Reuter

## Austrian savings bank to float Sch 975m loan

BY PAUL LENDVAI IN VIENNA

GIROZENTRALE, AUSTRIA'S leading savings bank, is to float its first loan issue of the year this month to raise Sch 975m ($78m). The issue, with a coupon of 8 per cent, will be in two tranches, the first for seven years at par and the second for 10 years at 99.5 per cent.

Announcing the issue, Dr. Kari Pale, chairman and general manager of Girozentrale, said that the bank's consolidated balance sheet total had risen last year by 17 per cent to a record Sch 140bn ($11.25bn).

Dr. Pale said that last week's rise in the Austrien bank rate to 5.25 per cent made a rise in the 8 per cent capital market interest rate unnecessary. He estimated that the prime rate on loans would stabilise at about 9.5 per cent. The bank rate increase will effectively bring the capital market rate back into line with prevailing market rates, he said.

## Irish builder lifts profit

By Our Financial Staff

PROFITS of Abbey, the Dublin-based group which makes half its earnings from UK house building, plant hire and property development interests, rose by 45 per cent from Irish £1.47m to Irish £2.14m ($4.64m) in the six months ended October 31, 1979. The directors are confident of further improvement in the current half-year despite the present economic climate.

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Merrill Lynch International & Co.
Morgan Stanley International
Orion Bank Limited
Salomon Brothers International
J. Henry Schroder Wagg & Co. Limited
Société Générale

January, 1980

FOREIGN INVESTMENT IN MEXICO

## Oil reserves a powerful magnet

BY WILLIAM CHISLETT IN MEXICO CITY

NEW FOREIGN investment in Mexica this year is officially expected to be $1.2bn, a 48 per cent rise over last year's $810m.

This hefty rise with Japan greatly increasing its contribution, is a clear sign of the international stamp of approval being given to the oil-rich Mexican economy. Mexico's economic horizon is considered to be so promising, despite the tremendous social problems, that foreign investors are now pouring through the offices of the Industry Ministry's Foreign Investment Committee.

The Goveroment's Investment law of 1973, which limits foreign investors to 49 per cent ownership, has not proved, despite complaints, a disincentive to invest. This restriction is somewhat offset by the liberal treatment given to foreign capital. There are no restrictions on remittal of profits; repatriation of capital, or convertibility of exchange.

Real GDP growth, around 7.5 per cent in 1979, is projected at 8 per ceot this year and the country's industrial capacity is forecast to double in the next seven years.

The way in which investment has picked up since the 45 per cent devaluation of the peso in August, 1976, is almost a barometer of the way in which the economy—largely thanks to oil—has recovered from the recession brought on by the devaluation.

New investment was $327m in 1977, $383m in 1978, $810m in 1979, and $1.2bn this year.

Luckily for Mexico, the devaluation coincided with the discovery of immense oil reserves, now at 45.8bn barrels, the sixth largest proven reserves in the world.

Oil restored confidence to a despondent Government, facing growing social problems, faith to the international financial community, heavily committed in loans to Mexico—the public foreign debt is $30m. Most importantly, the oil revenue is swelling the state's coffers, because the country's oil industry is nationalised.

**International approval of Mexico's oil-rich economy is reflected in the way that foreign funds are currently flooding into the country. The statistics for 1979 show a very sharp upsurge**

The traditional investment pattero io Mexico has remained substantially unaltered, lo that the U.S. rules the roost with $4.7bn cumulative investment at the end of 1979, 69.6 per cent of the total cumulative foreign investment of $6.8bn.

The Japanese are, however, now forging ahead far more dynamically than other countries, something which had been envisaged as a possibility and is this year clearly displayed in the official statistics.

Last year new Japanese investment was about $180m, bringing Japan's total cumulative investment to $362.3m, 5.3 per cent of the overall total. This year, according to Sr. Hector Alvarez de La Cadena, the Investment Committee's head, Japan coold well move from fourth to second place in the investors league, increasing its share to 9.8 per cent.

Sr. de La Cadena estimates that over the next two to three years, new Japanese investment will be $1bn. There is no firm commitment from Japanese firms yet to invest such an amount, although the interest exists and "the matter is being studied."

Projects include a joint venture known as Grupo NKS between Japan's Kobe Steel, Nacional Financiera, the Mexican State development bank and Sidermex, the state holding company for the steal sector, to produce capital goods. Total capital involved in this project is 6.3bn pesos ($278.7m).

The Japanese are also showing particular interest in the electronics fields. Matsushita, which produces panasonic equipment, set up last year and Sony is in the process of establishing an in-bond plant near the U.S. border.

The share taken by the U.S. could well drop to around 66 per cent of total cumulative investment by the end of the year, compared with 69 per cent, because of the strong showing by Japan, and, to a lesser extent, West Germany, whose contribution could rise from 4.6 per cent of the total to 5.1 per cent. Spain's share is also expected to go up, from 1.8 per cent to 2.9 per cent.

U.S. investment this year, according to the U.S. Department of Commerce, will be at least $770m, a figure which tallies with forecasts from the Mexican Investment Committee. The main U.S. investments are 11bn pesos ($486.7m) by General Motors and 6bn pesos ($265.4m) by Chrysler to increase their respective production.

Mexico is exercising considerable discrimination in the areas in which foreign investment is allowed. "We have no need of new shoe factories or furniture firms." Sr. de La Cadena said.

Policy is to follow strictly the National Industrial Development Plan announced early last year, which spells out decentralised priority areas, including two industrial port areas on the Pacific coast, Lazaro Cardeoas and Salina Cruz, and two on the Gulf Coast, Tampico and Coatzacoalcos. The priority sectors are manufactured and capital goods.

Sr. de La Cadena said that industry had not yet started moving to the four port areas, but that once the infrastructure had been completed, particularly at Lazard Cardenas, where the country's largest steel mill is being built, he expected a sudden rush.

Tax credits of up to 25 per cent and price discounts on electricity, natural gas and fuel oil of up to 30 per cent in priority areas are an added attraction on the bright economic horizon.

Sr. de La Cadena said that no changes were envisaged in the investment law. "Proof of its acceptance is that so many companies want to invest in Mexico."

# China in talks with Japan over foreign bond issues

BY RICHARD C. HANSON IN TOKYO

TOP-LEVEL delegations from two major Japanese securities houses, Daiwa and Nikko, have been invited to China in March to discuss the possibility of China placing yen and dollar bonds in Japan. The invitations indicate a growing Chinese interest in tapping the international capital markets.

Daiwa Securities has been invited by the China Trust and Investment Corporation, while Nikko will be travelling at the request of the Bank of China, the central bank.

The Japanese are optimistic that some kind of arrangements can be made to allow China to make its debut in the Samurai bond market. There are a number of factors, however, which would have to be settled before an issue could be made. The main purpose of the delegations will be to explain the necessary procedures.

Two main problems appear to be involved in a Chinese bond issue. Firstly the issue would probably have to be made on a private placement basis, because of difficulties that the Chinese could expect in meeting disclosure requirements in Japan on a publicly issued bond—similar to those in the U.S. Secondly, the Chinese would be unlikely to accept normal commercial rates and commissions on a bond.

Neither of these two factors (along with a number of more technical problems which would arise in a Chinese issua) appears significant enough to dampen the Japanese interest in arranging an issue. As in other business dealings with China, the Japanese securities houses are more interested in the potential long-term benefits of working with China than in short-term profits.

The scalo of any possible issue remains uncertain, but it is thought that the Chinese would initially be seeking more than the Japanese would be willing to lend. China's future borrowing needs are considered to be large enough to make a gradual approach the wisest way.

Unlike government-to-government financing, which tha Chineso have been arranging successfully since launching their new development plans, the private placements of bonds would probably be aimed at developing commercial industries which would bo able to export their products. Most official finance from Japan is tiod to development projects designed to improve China's infrastructure (railways, ports, etc.), or to develop natural resources.

The Japanese would probably handle a yen-denominated private placement on their own, foreseeing good demand for the issuo at homo.

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# Further growth at TDK Electronics

By Ynko Shibata in Tokyo

TDK ELECTRONICS, Japan'e major manufacturer of ferrites and magnetic tapes, achioved the fourth consecutive year of growth in consolidated sales and earnings in the year ended November 30, 1979.

TDK's consolidated net earnings advanced strongly by 26.6 per cent to Y15.67bn ($65.6m), on consolidated sales of Y156.89bn ($656m), np 24.3 per cent over the previous fiscal year. Earnings per share also reached a record of Y156.01, compared with Y123.27

The company's vigorous sales performance was attribnted chiefly to a sharp surge in the sales of magnetic recording tapes, inclnding music tapes and VTR tapes, which jumped by 37.4 per cent to account for 44.2 per cent of total turnover. TDK holds the lead in market share for music tapes in the U.S. and UK markets, and about 80 per cent of VTR tapes of the VHS formula (Matsushita and Victor). Brisk sales of new prodncts, such as multi-layer capacitors, contributed to strong overall sales.

The company's overseas sales advanced sharply by 56.2 per cent to Y53.25bn to account for 33.9 per cant of total salos. Tho upsurge in overseas sales was largoly the result of a dramatic gain in sales of magnetic recording tapes, which accounted for more than half of the total overseas sales.

Increased production of magnotic recording tapes, coupled with rationalisation measures, accounted for the sharp gain in net profits.

At the same time TDK announced results for tho parent company. Non-consolidated sales were Y144.3bn, up 23.8 per cent over the previous fiscal year. Non-consolidated operating earnings rose 31.8 por cent to Y30.1bn, and noo-consolidated net oarnings went up by 27.5 per cent to Y14.28bn. Non-consolidated per sbara profits were Y142.24, compared with Y122.75 a year earlior.

For the current fiscal year ending November, 1980, TDK faces price rises in sucb raw materials as silvor and plastic. However, the company is confident of covering cost increases by raising product on the back of continuing strong demand for magnetic recording tapes and by passing on tho increases in retail prices. Consolidated sales and earnings are expected to grow by 15 per cent

Overall capital expenditure for the current fiscal year is planned at Y16bn.

At the end of November, 1979, the Kuwait Government held 612,000 shares, and tho Government of Qatar Investment Fund 109,000 sbares.

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December 1979

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# Toray shows sharp decline under U.S. accounting methods

BY OUR TOKYO CORRESPONDENT

TORAY INDUSTRIES, Japan's leeding producer of synthetic textiles, said yesterday that its consolidated net income for the half-year to September 30 fell 65.5 per cent to Y5.05bn ($21m). The company blamed the declino on foreign exchange translation losses resulting from the adoption of U.S. accounting practices.

Before the translation losses and taxes, first-half operating income was up by 120.1 per cent, reflecting brisk demand ln the domestic market. Sales on a consolidated basis were up 16.3 per cent to Y288.98bn ($1.2bn).

Toray estimated that its not profit for the period was cut by Y6bn through translation losses.

Toray said that a truer reading of its performance during the half-year could be fonnd in the parent company statement released late last year. Parent company sales were np 11.1 per ceot to Y227.1bn, and net profit recovered by 133.8 per cent to Y7.4bn from tho poor showing of a year earlier.

The company expects that sales for the full year to March 31 will rise to more than Y600bn from Y493bn last year. Net income will be little changed or show a slight decline at around Y10bn.

# Wardley full-year profits rise by more than half

BY ANTHONY ROWLEY IN HONG KONG

WARDLEY, the merchant banking arm of the Hongkong and Sbaoghal Banking Corporation, increased its net profits last year by more than 50 per cent to HK$73.1m (US$15m). The company, which is incorporated in Hong Kong but also operates in Singapore, Thailand, Japan, the Philippines and the New Hebrides, increased lts total assets in 1979 from HK$2.94bn to HK$5.52bn (US$1.15bn).

The sharp increase in profits and assets ran counter to the forecast made by Mr. John Boyer, the chairman, that 1979 was unlikely to provido favourable conditions for the profitable increase of business. However, exchange gains, reflecting the weakness of the Hong Kong dollar throughout much of last year, benefited earnings, as did tho marked upturn in offshore loan bnsiness out of Hong Kong in tho latter part of last year.

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In accordance with tho provisions of tbe above Notes, American Express International Baokiog Corporatioo, as Fiscal Ageot, has established tho rate of interest on such Notes for the semi-annual period ending 14th July, 1980 at 14⅛ per ceot. Interest doe at the end of the Interest Period will be available upoo surrendor to any of the Payiog Agents of Coupon No. 7.

American Express Iotemational Banking Corporation
As Fiscal Agoot

14 January 1980

fonselex

Swiss Mutual Fund for International Equity Investment

Payment of Annual Dividend

A final dividend in respect of the financial year ended 31st October 1979 is declared and will be paid frnm 1st February 1980 against presentation nf Coupon Nn. 1, attacbed to the New Certificates (after the share split on 30th November 1979) to tho Banqne Keyser Ullmann en Suisse S.A., 12 rue Saiot Victor, 1211 Geoeva 12, as follows:—

To Unitholders domiciled in Switzerland

| | |
|---|---|
| Gross Dividend per Unit | SF 3.50 |
| Refund of Foreign Tax | SF 0.50 |
| | SF 4.00 |
| Withholding Tax 35% | SF 1.40 |
| Net Dividend per Unit | SF 2.60* |

To Unitholders domiciled outside Switzerland (with Banker's Declaration)

| | |
|---|---|
| Gross Dividend per Unit | SF 3.50 |
| U.S. Withbolding Tax | SF 0.10 |
| Net Dividend per Unit | SF 3.40* |

Unitholders, who have not yet exchanged old certificates may claim their dividend by submitting their certificates for exchange with Coupon No. 15 and following numbers attacbed to the Depositary Bank, Banque Keyser Ullmann en Suisse S.A., Geoeva.

bondselex

Swiss Mutual Fund for International Fixed Interest Investment

Payment of Annual Dividend

A final dividend in respect of the first financial perind ended 31st October 1979 is declared and will be paid from 1st February 1980 against presentation of Cnupon Nn. 1 to the Baoque Keyser Ullmann en Suisse S.A., Geneva, 12 rue Saint Victor, 1211 Geoeva 12, as follows:—

To Unitholders domiciled ln Switzerland

| | |
|---|---|
| Gross Dividend per Unit | SF 9.00 |
| Withholdiog Tax 35% | SF 3.15 |
| Net Dividend per Unit | SF 5.85* |

To Unitholders domiciled nutside Switzerland (with Banker's Declaration)

| | |
|---|---|
| Net Divideod per Uoit | SF 9.00* |

* Reinvestment of Dividend on Preferential Terms:
Unitholders may reinvest their dividend in additiooal sbares on the followiog conditions:—
FONSELEX: Up to 26th February 1980 at a reduction of SF 3 per Unit.
BONDSELEX: Up to 26th February 1980 at a reductioo of SF 1.50 per Unit.
In each case Uoitholders may rouod the amount of their subscription np to the nearest teo units on the same preferential conditions.

All of these securities having been sold, this announcement appears solely for purposes of information.

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# A U.S. example of analysing property investment

BY PROFESSOR EDGAR H. HEMMER

ALTHOUGH the rules governing property development and investment differ, many problems are the same on both sides of the Atlantic. We have, bowever, developed different ways of evaluating our respective valuation and investment problems, and this summary of important features of the American approacb provides a comparison with Britisb practice.

Initially we should recognise a tendency to confuse or commingle property returns and values with those of the business as a wbole, in which the property involved is but one component of total corporate assets. This discussion relates only to returns on and values of property. From an investment viewpoint, property returns should exceed returns available from alternative investment opportunities of equivalent risk. In general, the Americans prefer to compare investments of similar duration, but recognise that the present value of any funds to be received beyond 35 or 40 years bence is essentially nil.

American practice almost universally establisbes value as the discounted present worth of future cash flows; a redemption yield calculation. Investors buy property only for what it will earn in the future, and the value at any point in the future, is solely an estimate of earning power after that date. If market-determination variables are used in the redemption yield process, then the result is an estimate nf market value.

If an investor's requirements are substituted into the valuatinn equations, then the result is an investment value. Note that investors in different circumstances will calculate different values for the aame property at a given time.

In either case, the appropriate capitalisatinn rate is market determined, varies with the quality nr risk nf the investment, and in the U.S. is remarkably uniform nationwide at any given time fnr each investment risk category.

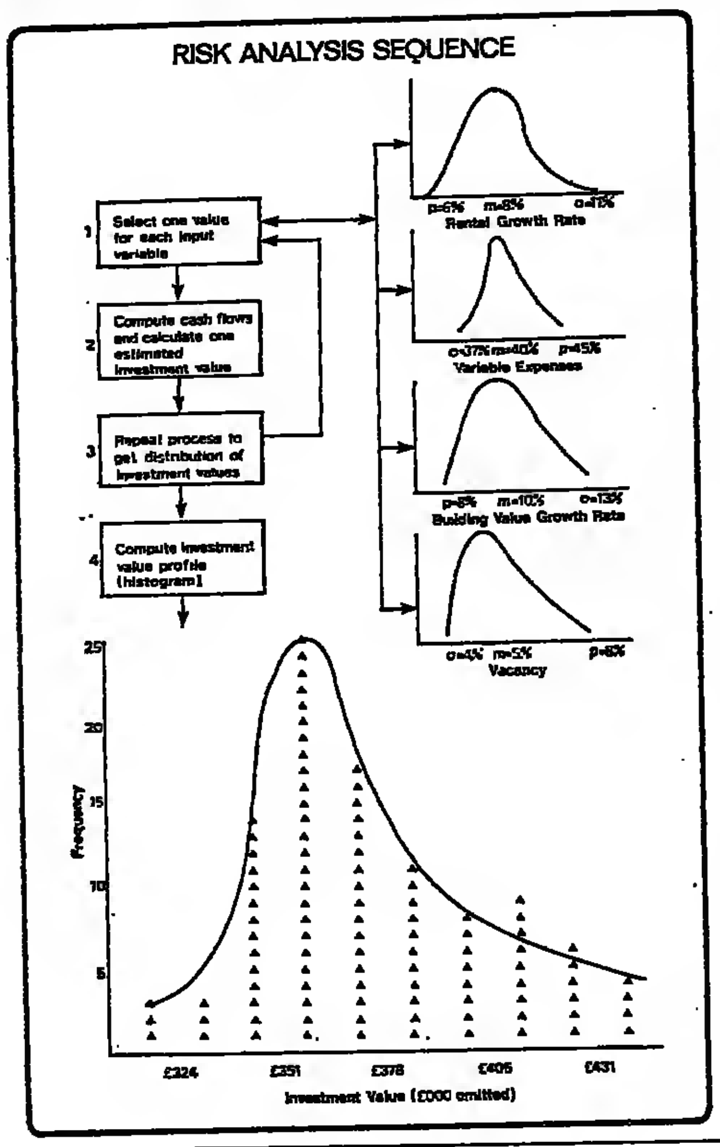
An important dimension of the valuation process is the need to identify and analyse causes nf uncertainty. Uncertainty represents risk, defined as the probability that the investment or market value has been overestimated. The over estimate would not necessarily bc the fault of the valuation process, but a result of uncertainty in estimating future events.

In the past, and with simplc procedures for analysing properties or development projects, a single value estimate was/is usually fnund representing the valuer's "most likely" estimates for eacb obviously significant variable. Hnwever, these "most likely" estimates do not indicate how much confidence the investor or valuer bas in bis numbers. Furthermore, the combination of some variables of lesser Individual importance may in aggregate bave a significant influence on a desired valuation figure.

This simple procedure can be improved if tbe investor will specify a "pessimistic," "optimistic," and "most likely" estimate for eacb inpnt variable, together with the variable's profitability distribution. These quantities will *not* be found "written in stone."

A primary source of such information is to ask experts in tbe market what anticipated yields and other data they are using in their analyses of buy/sell decisions. Essentially one should use the same sources wc would go to fot our "most likely" estimates. We can now calculate a range of possible investment values which incorporates some of the uncertainties expected to affect future events.

The major problem with the above procedure is the number of calculations required. We need to weigh the selected values nf our input variables, such as rental growth rate, according to the likelihood or probability of their occurrence. To overcome the calculation problem, computer valuation programmes (models) are in wide use in the U.S. Most large users have developed sophisticated mndels adapted to their special needs. However, basic programmes are described and discussed in several of our professinnal journals, and are thus available to any user with the appropriate computer equipment. There is a much wider exchange of such information in the U.S. than in Britain.




## Procedure

Reference to the chart will help clarify the analysis procedure just described. The vertical scale on each grapb represents frequency of occurrence, and p, m and o are, respectively, pessimistic, most likely and optimistic estimates for the input variable identified under eacb small curve. Not all the input variables are shown.

One specific value within the pessimistic to optimistic range is cbosen by the computer programme fot each inpnt variable, based on its probability of occurrence, and an estimate of investment valne is calculated. The process then is repeated many times, giving a number of different combinations nf all the input variables, and a single distribution of investment values is the large curve at the bottom of the figure.

In the example shown, if a property is purchased for £351,000, there is a 20 per cent probability that the price will have exceeded investment value. However, there is an 80 per cent chance that investment value will exceed this price. If, on the nther hand, the purchase price were only £325,000, there is only a 3 per cent chance that the investor will bave paid too much (merely count the triangles to the left of the relevant value).

This type of analysis provides many benefits, even in a market where too much money is chasing too few properties, as in the current British market for prime shops. With present practice, broad assumptions taken into account hy valuers are seldom stated in sufficient detail for effective verification of value.

Furthermore, property managers are seldom truly objective with respect to their valuation of the assets they manage. There are significant risks in attempting to predict future cash flows; risks that are now not specifically identified, much less analysed. In fact, there is evidence that in the recent British market some properties were overvalued as a result of excessive market expectations, and lenders can probably be expected to place more emphasis on objective cash flow projections in the future. With the type of analysis described above, investment assumptions and investment risk are both made explicit, providing for a resolution of the difficulties just cited.

Computer valuation models are extremely flexible. They can be used to determine the price an investor can afford tn pay for a property and yet meet stated investment objectives. Alternatively, they can sbow the extent to which investment nbjectives will be fnregone if a high asking price is agreed nn. They can be used to compare expected results of one property investment with another, and with non-property opportunities such as equity shares, gilts, or even with a Lloyd's syndicated risk opportunity.

It should be obvious that proper evaluation nf these alternatives requires assessment of relative risk, as well as comparison of returns.

Many property and investment managers talk about a property balanced portfolio, but they are far from clear as to bow proper balance is determined. Even within the property sector, balance appears to be almost totally subjective. Many people assert that Oxford Street property is exceptionally desirable because nf its very high turnover. Yet prime shop properties return an average of only about 4 per cent.

There is an assumption that the growth nf property values, when combined with these low returns, will exceed any alternative investment return. An article in Shop Property (October 1979) indicates that this has been true for prime shop properties since 1962. But is it likely to be true in the future, especially if develnpment restrictions are relaxed? There is evidence that past turnover expectations for many properties have not been achieved, and this development seems more likely in the future.

The Barbican—a prime property development in the City of London which might [illegible] Professor Hemmer's scientific approach tn investment

## Tax laws

In the U.S. much more emphasis is nn the credit-worthiness of the tenant than nn the property type nr location. For example, the signature of Sears Roebuck on a shop lease, whether in a prime or secondary location, provides no better security than the same signature on the lease for an nffice block nr a warehouse. Sears Roebuck simply will not fail to pay all amounts stipulated in every lease.

Returns on investments in these various types of property vary in the U.S. as they do here, but it would be preferable to sign a lease with Sears for property in an industrial estate at 8 per cent rather than *anyone* in prime shop space at 4 per cent. The objective is to maximise returns within desired constraints nn risk. In other words, many American investors balance property portfolios primarily according to risk classifications rather than property types.

Over a period nf time, properties of several types will be acquired because as money moves away from properties offering lowest returns, values stabilise nr decrease and returns increase. Meanwhile, returns nn the total property portfolio have been enbanced.

Largely because of differences in our tax laws, American developers and investors sell properties mucb more frequently than is customary here. Computer models described earlier are used to determine the optimum bolding period. U.S. and British tax rules for industrial properties are similar in all important respects. Yet such properties held as investments in the U.S. are often sold.

The point to be noted is that the concept of permanent ownership is probably not the most profitable for many property investments. One may elect not to sell a specific holding, but prudent management of a property portfolin requires analysis of optimum holding periods as well as risks and returns.

Many American property owners programme major renovation and modernisation of property they hold at least every 20 years. Hnwever, sinking funds are not used tn accumulate replacement capital for this purpose. Mere replacement of capital in terms of pounds sterling will not recover the earning power of the original sum. If properties are in fact the prime investment they are alleged to be, it is more sensible to invest the profits earned from one property in an alternative property which will more nearly maintain earning power. Even short-term gilts should be superior to a sinking fund. Returns achieved on intermediate profits [illegible] until required for periodic rennvation influence the appropriate holding period of a property.

One important benefit of extensive modernisation or renovation of British properties could be the opportunity to replace sub-standard or marginal tenants not otherwise vulnerable because of protection afforded them by the Landlord and Tenant Act.

Use nf computer analysis will not increase the return from a poor project. However, it greatly increases confidence in the accuracy of the calculations, identifies the critical variables, provides an assessment of project risk, and permits comparisons with alternative investments which help determine the optimum holding period.

Unfortunately, no really good source of information on current practice in this field is available here, but Real Estate Review, a quarterly journal published by Warren, Gorham and Lamont Inc., 210 South Street, Boston, Massachusetts 02111, is well worth the trouble required to obtain at least a review copy. In addition, the author will attempt to provide help with inquiries addressed through the City University Business School, or to Wright State University, Dayton, Ohio 45435.

*The author is Associate Professor of Finance at Wright State University, Dayton, Ohio. He has experience in real estate valuation using computer techniques, and is a consultant to real estate departments of local banks.*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**BH SOUTH LIMITED**

INCORPORATED IN THE STATE OF VICTORIA

*Message to Stockholders*

22nd January, 1980

Dear Stockholder,

ACCEPT WMC OFFER

The offer by Western Mining Corporation Limited/Western Mining Corporation Holdings Limited ("WMC") of 1.1 fully paid shares in WMC and 55 cents in cash for each stock unit in BH South Limited ("BH South") has increased in value substantially and in market terms is now wnrth $5.50 per BH Snuth stock unit based on the closing price nn 22nd January 1980 for WMC shares listed on the Stock Exchange of Melbourne, viz. $4.50.

The Directors of BH South, having considered all aspects of the current situation, recommend acceptance of the WMC takeover offer.

The reasons for their recommendatinn are:-

(1) The value nf the WMC offer has risen strongly in recent weeks and now stands at $5.50 per stock unit. This is significantly higher than the net tangible asset value of $4.07 per BH South stock unit. Although this value for BH South's net tangible assets was determined in September 1979, and cnnsequently does not reflect the recent increases in the value nf mining stocks listed on the stock exchanges, the Directors consider that the current value nf the WMC offer is an adequate price for BH South's net tangible assets. In accepting the WMC offer, BH South stockhnlders will then have the nption nf realising their WMC shares nn the Stock Exchange or retaining those shares as an investment.

(2) WMC has acceptances representing in excess nf 58 per cent uf BH Snuth stock and is in a position tn take control nf BH Snuth. With the exception of the prnposed sale nf certain BH South assets tn Cnnzinc Rintinto nf Australia Limited ("CRA"), WMC has given nn indicatinn of the commercial policies it is likely to pursue as majnrity owner uf BH Suuth.

(3) Australian United Corporation Limited, a merchant bank, has advised the Directors that they consider that the consideration uffered by WMC is adequate and that BH South Directnrs have good and sufficient reasons to recommend acceptance of the offer.

(4) The Directors have received advice that once the WMC nffer expires the price of BH South stock units may fall in the short term. WMC has announced that it will not extend its offer, due to expire on 31st January 1980.

Notwithstanding that the Directors recommend the acceptance of the WMC offer, they respect the attitude of CTB Nominees in not accepting the offer on behalf of the holders of 15.3% of BH South stock. CTB Nominees is in a position to adnpt an unusually long-term perspective in reaching its investment decisions.

It is the intention of each Director of BH South by whom or on whose behalf stock units in BH South are beneficially held to accept the WMC offer in respect of those stock units, other than stock units required for qualification as a Director.

Yours faithfully,
J. M. Tyler,
CHAIRMAN OF DIRECTORS

*The above letter is being mailed to all Stockholders.*

# Pound easier

Sterling lost ground against most major currencies yesterday, partly on fears over the steel workers' strike and the possibility of further industrial unrest. Trading was fairly subdued for much of the day and sterling's trade weighted index remained at 17.6 for all three of the day's calculations, compared with Friday's close of 71.9. Against the dollar it opened at $2.2600 and dipped to $2.2580 before coming back to touch $2.2640. Trading for much of the morning and early afternoon took place around the $2.2625 level. The pound reached its best level for the day at $2.2645-2.2660, but during the last half-hour or so, increased demand for the dollar and the very thin conditions saw sterling fall to a low of $2.2460. At this level some natural demand or possibly a small nudge by the Bank of England helped it recover slightly to $2.2480-2.2490, still a loss of 1.55c from Friday.

The dollar showed little overall movement against the major European currencies and traded within a very narrow range in some cases. Against the D-mark the spread for the day was a mere DM 1.7335-1.7390. It closed at DM 1.7385 slightly up from Friday's level of DM 1.7350. In terms of the Swiss franc it rose to SwFr 1.6180 from SwFr 1.6150.

D-MARK—Very strong, but showing a steadier tendency within the European Monetary System recently—The D-mark showed an overall improvement in very quiet trading. Sterling fell to DM 3.9260 at the fixing against DM 3.9440 at Friday's fixing, while the Swiss franc eased to DM 1.0739 from DM 1.0773. On the other hand the dollar rose to DM 1.7349 from DM 1.7310, with little chance of any sharp fluctuations unless the situation in the Middle East alters radically.

DANISH KRONE—Basically weak, suffering two devaluations since EMS began last March—The krone was slightly firmer overall against its EMS partners with the D-mark easing to DKr 3.1258 from DKr 3.1265 at the fixing, and the guilder lower at DKr 2.8310 from DKr 2.8320. However, domestic money rates are likely to fall next week as large Government disbursements work their way through the system, and the krone will probably fall as a result.

FRENCH FRANC—Strongest member of the EMS since late December—The franc improved against all major currencies at yesterday's fixing except the U.S. dollar. Sterling was sharply weaker at FFr 9.184 against FFr 9.2450, the Belgian franc eased to FFr 14.4015, FFr 14.4265 per BFr 100, and the D-mark was lower at FFr 2.3395 compared with FFr 2.3432. The dollar rose to FFr 4.0595 from FFr 4.0560.

BELGIAN FRANC — Generally weakest member of EMS, but resists devaluation.—The franc was stronger against its EMS partners except for the lira and the French franc. Outside the EMS, sterling dipped at the fixing to BFr 63.785 from BFr 64.09, while the dollar was slightly firmer at BFr 28.19 against BFr 28.12.

JAPANESE YEN—Energy problems reflected in sharp decline last year, but steadier recently.—The decision by Saudi Arabia to increase the price of crude oil sales to Japan by $2 a barrel saw the yen fall against the dollar. The latter rose to a finishing level of Y240.20, compared with Y239.30 on Friday.

## THE POUND SPOT AND FORWARD

| Jan. 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.2460-2.2660 | 2.2480-2.2490 | 0.67-0.57c pm | 3.31 | 1.70-1.60 pm | 2.94 |
| Canada | 2.6130-2.6350 | 2.6150-2.6160 | 1.05-0.95c pm | 4.59 | 2.40-2.30 pm | 3.59 |
| Nethlnd. | 4.30½-4.36 | 4.31-4.32 | 3-2c pm | 6.95 | 7-5 pm | 5.03 |
| Belgium | 63.30-63.95 | 63.38-63.65 | 22-12c pm | 3.22 | 53-43 pm | 3.03 |
| Denmark | 12.16½-12.27½ | 12.17-12.18 | 1½ore pm-½ore dis | 0.99 | 1½-3½ dis | −0.82 |
| Ireland | 1.0580-1.0630 | 1.0605-1.0615 | 0.07-0.17p dis | −1.36 | 0.20-0.30dis | −0.94 |
| W. Ger. | 3.90-3.94½ | 3.90¾-3.91¾ | 3½-2½pf pm | 9.61 | 9¾-8½ pm | 8.82 |
| Portugal | 112.50-113.50 | 112.55-112.85 | par-50c dis | −2.66 | 20-120 dis | −2.49 |
| Spain | 148.80-149.75 | 148.85-148.95 | 5-55c dis | −2.42 | 20-120 dis | −1.88 |
| Italy | 1,815-1,828 | 1,815½-1,816½ | 6½-8½lire dis | −4.96 | 21-23 dis | −4.85 |
| Norway | 11.02-11.13 | 11.02½-11.03½ | 8½-6½ore pm | 6.15 | 17½-15½ pm | 5.80 |
| France | 9.13½-9.21 | 9.14-9.15 | 4¾-3¾c pm | 5.58 | 10¾-9¾ pm | 4.48 |
| Sweden | 9.35-9.43 | 9.35½-9.36½ | 3¾-1¾ore pm | 3.53 | 3½-6½ pm | 3.21 |
| Japan | 537-547 | 539½-540½ | 4.60-4.35y pm | 9.83 | 12.00-11.75pm | 6.76 |
| Austria | 28.00-28.25 | 28.02-28.07 | 23-13gro pm | 7.70 | 62-52 pm | 8.13 |
| Switz. | 3.63-3.67 | 3.63½-3.64½ | 4-3c pm | 11.54 | 10¾-9¾ pm | 11.26 |

Belgian rate is for convertible francs. Financial franc 64.90-65.00. Six-month forward dollar 2.27-2.17c pm. 12-month 3.35-3.25c pm.

## THE DOLLAR SPOT AND FORWARD

| Jan. 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.2460-2.2660 | 2.2480-2.2490 | 0.67-0.57c pm | 3.31 | 1.70-1.60 pm | 2.94 |
| Ireland† | 2.1290-2.1315 | 2.1295-2.1315 | 0.80-0.70c pm | 4.22 | 2.05-1.95 pm | 3.75 |
| Canada | 1.1627-1.1639 | 1.1635-1.1638 | 0.13-0.10c pm | 1.13 | 0.21-0.18 pm | 0.67 |
| Nethlnd. | 1.9150-1.9170 | 1.9159-1.9169 | 0.75-0.65c pm | 4.38 | 1.72-1.62 pm | 3.49 |
| Belgium | 28.16½-28.20 | 28.18-28.20 | 3-1½c pm | 0.96 | 3-1 pm | 0.28 |
| Denmark | 5.4150-5.4210 | 5.4150-5.4165 | 0.65-1.15ore dis | −1.99 | 4.10-4.60dis | −3.21 |
| W. Ger. | 1.7335-1.7390 | 1.7380-1.7390 | 1.00-0.90pf pm | 5.56 | 2.65-2.55 pm | 5.98 |
| Portugal | 50.05-50.20 | 50.14-50.20 | 13-23c dis | −4.30 | 40-70 dis | −4.38 |
| Spain | 66.15-66.28 | 66.25-66.28 | 15-23c dis | −3.44 | 55-70 dis | −3.77 |
| Italy | 807.20-807.80 | 807.20-807.40 | 5-6lire dis | −8.17 | 14½-16 dis | −7.62 |
| Norway | 4.8995-4.9090 | 4.8995-4.9005 | 2.55-2.05ore pm | 5.63 | 4.40-3.90 pm | 3.39 |
| France | 4.0555-4.0635 | 4.0590-4.0610 | 1.03-0.63c pm | 2.90 | 1.78-1.63 pm | 1.68 |
| Sweden | 4.1590-4.1620 | 4.1590-4.1600 | 0.55-0.35ore pm | 1.30 | 0.90-0.70 pm | 0.70 |
| Japan | 239.60-244.40 | 240.20-240.30 | 1.50-1.35y pm | 7.12 | 3.70-3.55 pm | 6.03 |
| Austria | 12.457-12.47 | 12.46½-12.47 | 6¼-6gro pm | 6.13 | 16½-16 pm | 5.53 |
| Switz. | 1.6110-1.6200 | 1.6175-1.6185 | 1.24-1.17c pm | 8.94 | 3.44-3.37 pm | 8.42 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY RATES

| Jan. 25 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 17 | 0.576749 | 0.652069 |
| U.S. $ | 12 | 1.31239 | 1.43922 |
| Canadian $ | 14 | 1.53078 | 1.66661 |
| Austria Sch | 5½ | 16.3915 | 17.8895 |
| Belgian F | 10½ | 37.0731 | 40.4852 |
| Danish K | 11 | 7.12853 | 7.76041 |
| D'Mark | 6 | 2.28215 | 2.49215 |
| Guilder | 9½ | 2.51944 | 2.75155 |
| French Fr | 9½ | 5.34729 | 5.84179 |
| Lira | 15 | 1062.28 | 1160.75 |
| Yen | 6¼ | 315.625 | 344.553 |
| Norwgn. Kr | 9 | 6.44429 | 7.04763 |
| Spanish Pts | 8 | 87.2864 | 95.1899 |
| Swedish Kr | 10 | 5.47030 | 5.97576 |
| Swiss Fr | 2 | 2.11997 | 2.51852 |

## CURRENCY MOVEMENTS

| Jan. 28 | Bank of England Index | Morgan Guaranty changes % |
|---|---|---|
| Sterling | 71.6 | −35.0 |
| U.S. dollar | 85.1 | −8.0 |
| Canadian dollar | 81.5 | −16.7 |
| Austrian schilling | 157.8 | +24.2 |
| Belgian franc | 115.4 | +15.8 |
| Danish kroner | 108.9 | −2.7 |
| Deutsche mark | 159.1 | +46.3 |
| Swiss franc | 201.3 | +80.5 |
| Guilder | 125.9 | +20.3 |
| French franc | 102.4 | −5.5 |
| Lira | 55.1 | −49.6 |
| Yen | 117.5 | −16.3 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

## OTHER MARKETS

| Jan. 28 | £ | $ | | Note Rates |
|---|---|---|---|---|
| Argentina Peso | 3753-3755 | 1660-1670 | Austria | 27.95-28.20 |
| Australia Dollar | 2.0340-2.0360 | 0.9030-0.9055 | Belgium | 64.95-65.45 |
| Brazil Cruzeiro | 98.57-99.57 | 43.85-44.30 | Denmark | 12.25-12.31 |
| Finland Markka | 8.58-8.59 | 3.7020-3.7040 | France | 9.16-9.22 |
| Greek Drachma | n.a. | n.a. | Germany | 3.92-3.94½ |
| Hong Kong Dollar | 10.82-10.84 | 4.7820-4.7850 | Italy | 1860-1955 |
| Iran Rial | n.a. | n.a. | Japan | 541-546 |
| Kuwait Dinar KD | 0.610-0.636 | 0.2723-0.2724 | Netherlands | 4.33-4.35½ |
| Luxembourg Frc. | 63.25-65.45 | 28.18-28.20 | Norway | 11.09-11.17 |
| Malaysia Dollar | 4.9430-4.9550 | 2.1850-2.1870 | Portugal | 114-125 |
| New Zealand Dlr. | 2.2895-2.2955 | 1.0160-1.0170 | Spain | 148-155½ |
| Saudi Arab. Riyal | 7.54-7.64 | 3.3600-3.3605 | Sweden | 9.39-9.46 |
| Singapore Dollar | 4.8700-4.8820 | 2.1540-2.1550 | Switzerland | 3.64-3.69½ |
| Sth. African Rand | 1.8560-1.8580 | 0.8165-0.8175 | United States | 2.26-2.268 |
| U.A.E. Dirham | 8.40-8.50 | 3.7410-3.7420 | Yugoslavia | 40-51 |

Rate given for Argentina is free rate.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU January 28 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 40.4626 | +1.69 | +1.46 | ±1.53 |
| Danish Krone | 7.72336 | 7.78065 | +0.74 | +0.51 | ±1.64 |
| German D-Mark | 2.48208 | 2.49117 | +0.37 | +0.14 | ±1.125 |
| French Franc | 5.84700 | 5.83043 | −0.28 | −0.51 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.75256 | +0.33 | +0.10 | ±1.512 |
| Irish Punt | 0.668201 | 0.674293 | +0.91 | +0.68 | ±1.668 |
| Italian Lira | 1157.79 | 1159.77 | +0.17 | +0.17 | ±4.08 |

Changes are for ECU therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## EXCHANGE CROSS RATES

| Jan. 28 | PoundSterling | U.S. Dollar | Deutschem'k | Japan'seYen | FrenchFranc | Swiss Franc | DutchGuild'r | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.249 | 5.913 | 540.0 | 9.145 | 5.640 | 4.315 | 1816. | 2.616 | 65.40 |
| U.S. Dollar | 0.446 | 1. | 1.740 | 240.2 | 4.067 | 1.619 | 1.919 | 807.6 | 1.163 | 28.20 |
| Deutschemark | 0.956 | 0.575 | 1. | 138.0 | 2.337 | 0.830 | 1.103 | 464.2 | 0.668 | 16.20 |
| Japanese Yen 1,000 | 1.852 | 4.164 | 7.245 | 1000. | 16.94 | 6.741 | 7.991 | 3363. | 4.844 | 117.4 |
| French Franc 10 | 1.093 | 2.459 | 4.278 | 590.5 | 10. | 3.980 | 4.718 | 1986. | 2.860 | 69.33 |
| Swiss Franc | 0.275 | 0.618 | 1.075 | 148.4 | 2.512 | 1. | 1.165 | 499.9 | 0.713 | 17.42 |
| Dutch Guilder | 0.232 | 0.521 | 0.907 | 125.1 | 2.119 | 0.844 | 1. | 420.9 | 0.605 | 14.69 |
| Italian Lira, 1,000 | 0.551 | 1.238 | 2.154 | 297.4 | 5.036 | 2.004 | 2.376 | 1000. | 1.440 | 34.91 |
| Canadian Dollar | 0.382 | 0.860 | 1.496 | 206.5 | 3.496 | 1.392 | 1.650 | 694.3 | 1. | 24.24 |
| Belgian Franc 100 | 1.577 | 3.547 | 6.171 | 851.7 | 14.42 | 5.741 | 6.806 | 2864. | 4.125 | 100. |

## EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.90-14.00 per cent; three-months 14.15-14.25 per cent; six months 14.25-14.35 per cent; one year 13.70-13.80 per cent.

| Jan. 28 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 17¼-17½ | 13¾-14 | 12½-13½ | 10½-10¾ | 1¼-1⅝ | 7¼-7½ | 11¾-12 | 20½-27½ | — | 4-4.8 |
| 7 days' notice | 17¾-18 | 15⅞-14¼ | 12½-13½ | 10½-10¾ | 12-12½ | 7-7 | 11¾-12½ | 24½-27½ | 14-14½ | 7.2 |
| Month | 18-18½ | 15-15¼ | 13⅝-14 | 10⅞-11⅛ | 5⅝-5⅞ | 8¼-8⅜ | 12-12½ | 23½-25½ | 15-15½ | 7-8 |
| Three months | 17⅝-17⅞ | 14⅞-14⅜ | 13¾-14⅛ | 10⅞-11⅛ | 5½-5⅞ | 8⅝-8¾ | 12½-15 | 22½-25½ | 14½-14¾ | 8½-9½ |
| Six months | 16¾-17 | 14½-14¾ | 13¾-14 | 10-11 | 5½-5¾ | 8½-8¾ | 13½-13 | 21-22 | 14½-14¾ | 8½-8¾ |
| One year | 15⅞-16⅛ | 14-14½ | 13½-13¾ | 11-11¼ | 5½-5¾ | 8½-8¾ | 13½-15 | 20-21 | 14-14½ | 8-8½ |

Long-term Eurodollar two years 12½-12¾ per cent; three years 12½-12¾ per cent; four years 12¼-12½ per cent; five years 12¼-12½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL CAPITAL MARKETS

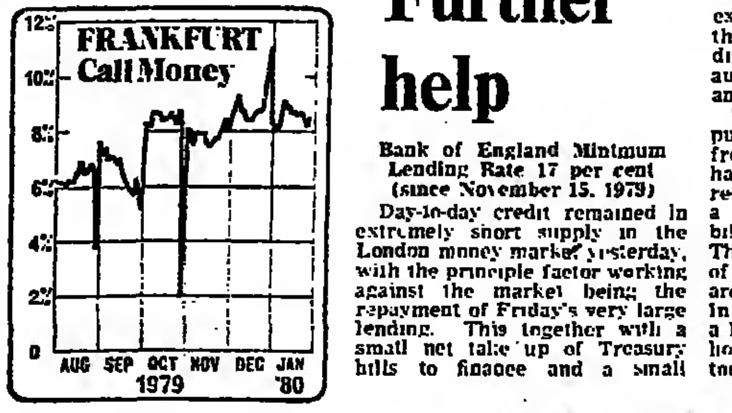
# Paris rates steady

Despite a relatively sharp rise in Paris call money to 12¼ per cent from 12 per cent yesterday, money rates seem set to remain at around their current levels for some time to come. The authorities have carefully looked after the market recently, buying around FFr 3.4bn of first category paper last week and a further FFr 7bn scheduled for purchase yesterday at 12 per cent. Call money rose yesterday mainly as a result of payments rising from the maturity of FFr 12½bn of 12 per cent six-year State loan. Period rates were little changed overall, although six and 12-month funds rose by up to ⅛ per cent.

In Rome interbank money rates remained high, with one-month money at 18 per cent in places. The shortage of funds has prompted the Bank of Italy to re-introduce its sale and repurchase facility with banks, using Treasury bills. The latter continued to be heavily bid, with three-month bills yielding around 13.87 per cent compared with 14.49 per cent at Friday's auction. However, the authorities have failed to indicate any plans at the moment to issue extra paper to cope with demand.

In Frankfurt call money was quoted at 8.40-8.50 per cent, sharply firmer than Friday's rate of 8.00-8.20 per cent, while longer term rates were generally easier.

The recent increase in prime rates continued in Singapore, with Development Bank of Singapore pushing up its prime rate over the weekend to 10¼ per cent from 9¾ per cent. For the time being, however, market sentiment tends to point towards a downward trend, with six and 12-month money currently lower than the one-month rate.




GOLD

# Weaker trend

Gold lost $35 an ounce in the London bullion market yesterday to close at $630-640. The metal opened at $620-630 and rose to a high of $635-645 before being fixed at $629. During the afternoon it touched a low spot after the entry of New York, and was quoted at $605-615, with an afternoon fixing level of $624.

In Paris the 12½-kilo bar was fixed at FFr 82,600 per kilo ($628.27 per ounce) compared with FFr 82,200 ($629.30) in the morning and FFr 87,000 ($667.15) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,030 per kilo ($623.00 per ounce) against DM 35,120 ($691.30) previously.

| | January 28 | | January 25 | |
|---|---|---|---|---|
| **Gold Bullion fine ounce** | | | | |
| Close | $630-640 | £279½-284 | $665-675 | £293½-297½ |
| Opening | $620-630 | £274-278½ | $700-710 | £307-311½ |
| Morning fixing | $629 | £277.827 | $691.50 | £303.783 |
| Afternoon fixing | $624 | £275.740 | $668 | £295.568 |
| **Gold Coins** | | | | |
| Krugerrand | $630-640 | £280-285 | $660-675 | £290-300 |
| Mapleleaf | $630-645 | £280-287 | $660-675 | £290-300 |
| New Sovereigns | $159½-164½ | £71-73 | $170-175 | £74-77 |
| King Sovs | $175-180 | £77-80 | $185-195 | £80-85 |
| Victoria Sovs | $177-182 | £78-81 | $185-195 | £80-85 |
| Fr 20 Napoleon | FFr695-705 | FFr245-260 | FFr715-725 | FFr250-270 |
| 50 pesos Mexico | $765-775 | | $805-825 | |
| 100 Cor. Austria | $605-615 | | $630-640 | |
| $20 Eagles | $735-745 | | $710-750 | |
| $10 Eagles | — | | | |
| $5 Eagles | — | | | |

UK MONEY MARKET

# Further help

**Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)**

Day-to-day credit remained in extremely short supply in the London money market yesterday, with the principle factor working against the market being the repayment of Friday's very large lending. This together with a small net take up of Treasury bills to finance and a small excess of revenue payments to the Exchequer over Government disbursements, prompted the authorities to give assistance on an extremely large scale.

The help comprised moderate purchases of Treasury bills both from the discount houses and banks, with some of the bills for resale at a fixed future date, and a small number of corporation bills, all direct from the houses. They also bought a small amount of eligible bank bills, all of which are for resale at a future date. In addition, the authorities lent a large amount to seven or eight houses at MLR, for repayment today. The market gained a little comfort from banks bringing forward balances a little way above target.

Discount houses were paying 17 per cent for secured call loans for the greater part of the day, with some late balances taken down to 15 per cent.

In the interbank market, overnight loans opened at 17½-17¾ per cent and eased to 17¼-17½ per cent before coming back to 17½-18 per cent soon after lunch. Money dipped briefly to 17-17½ per cent before rising to 20-27 per cent. Late balances were taken at 18-19 per cent.

Rates in the table below are nominal in some cases.

## MONEY RATES

| NEW YORK | |
|---|---|
| Prime Rate | 15-15¼ |
| Fed. Funds | 14 |
| Treasury Bills (13-week) | 12.00 |
| Treasury Bills (26-week) | 12.24 |
| **GERMANY** | |
| Discount Rate | 6 |
| Overnight Rate | 8.45 |
| One month | 8.675 |
| Three months | 8.375 |
| Six months | 8.65 |
| **FRANCE** | |
| Discount Rate | 9.5 |
| Overnight Rate | 12.25 |
| One month | 12.1875 |
| Three months | 12.3125 |
| Six months | 12.3125 |
| **JAPAN** | |
| Discount Rate | 6.25 |
| Call (Unconditional) | 8.125 |
| Bills Discount (three-month) | 8.5625 |

## LONDON MONEY RATES

| Jan. 28 1980 | Sterling Certificate of deposit | Interbank | Local Authority Deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ‡ | Eligible Bank Bills ‡ | Fine Trade Bills ‡ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 17-21 | — | — | — | 18-17½ | 16-17 | — | — | — |
| 2 days notice | — | — | 17⅛-18 | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17½-17⅝ | 17½-18 | — | 18¼ | 18¼-17½ | 18½-17 | — | — | — |
| One month | 17¾-17½ | 17½-17⅝ | 17¾-17⅞ | 19-18¼ | 18⅛ | 18-17½ | 16⅞ | 15⅞-15¾ | 17⅛ | 18½ |
| Two months | 17⅞-17¾ | 17⅝-17½ | — | 18-17¾ | 18 | — | 16½ | 15¾-15 | 17⅛ | 18¼ |
| Three months | 17¾-17½ | 17½-17⅜ | 17¾-17½ | 17¾-17¼ | 17⅞ | 17¾-17¼ | 16¾ | 15⅝-15¼ | 16-16⅛ | 17⅞ |
| Six months | 16⅝-16¼ | 16⅛-16¼ | 16-16½ | 16-15¾ | 16¾ | — | — | — | 16-15¾ | 16 |
| Nine months | 15⅞-15¾ | 15¾-15⅝ | — | 15⅞-15⅝ | 15¾ | — | — | — | — | — |
| One Year | 15½-14¾ | 15¼-15⅛ | 15⅛-15¼ | 15⅜-15⅛ | 15⅝ | — | — | — | — | — |
| Two years | — | — | 15⅜-15½ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15¾-15½ per cent; four years 15-15¾ per cent; five years 14¾-15 per cent. ‡ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16½-16⅝ per cent; four-months trade bills 18¼ per cent.

Approximate selling rates for one-month Treasury bills 15¾-15⅝ per cent; two-months 15¾-15⅝ per cent; three-months 15¾-15⅝ per cent. Approximate rate for one-month bank bills 17⅞-17⅝ per cent; two-months 17⅞ per cent; three-months 16⅞-16¾ per cent; one-month trade bills 18½ per cent; two-months 18¼ per cent and three-months 17 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.7442 per cent.

## WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on January 28, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange to the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cv) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 95.00 |
| Albania | Lek | 10.05 |
| Algeria | Dinar | 8.6670 |
| Andorra | French Franc | 9.145 |
| | Spanish Peseta | 148.90 |
| Angola | Kwanza | 68.686 |
| Antigua (S) | E. Caribbean $ | 6.11 |
| Argentina | Ar. Peso Free Rate | 3,746 |
| Australia (S) | Australian $ | 2.0360 |
| Austria | Schilling | 28.045 |
| Azores | Portug. Escudo | 112.70 |
| Bahamas (S) | Ba. Dollar | 2.2486 |
| Bahrain (S) | Dinar | 0.854 |
| Balearic Isles | Spa. Peseta | 148.90 |
| Bangladesh (S) | Taka | 34.72 |
| Barbados (S) | Barbados $†† | 4.4970 |
| Belgium | B. Franc | (cm) 65.40 |
| | | (fn) 64.95 |
| Belize | B $ | 4.4970 |
| Benin | C.F.A. Franc | 456.65 |
| Bermuda (S) | Bda $ | 2.2486 |
| Bhutan | Indian Rupee | 18.11 |
| Bolivia | Bolivian Peso | 56.65 |
| Botswana (S) | Pula | 1.7780 |
| Brazil | Cruzeiro ‡‡ | 99.07 |
| Brit. Virgin Isles (S) | U.S. $ | 2.2485 |
| Brunei (S) | Brunei $ | 4.8760 |
| Bulgaria | Lev | 1.8666 |
| Burma | Kyat | 15.9166 |
| Burundi | Burundi Franc | 206.685 |
| Cameroon Repub'c | C.F.A. Franc | 456.65 |
| Canada | Canadian $ | 2.6165 |
| Canary Islands | Spanish Peseta | 148.90 |
| Cape Verde Isle | Cape V. Escudo | 82.67 |
| Cayman Islands (S) | Cay. Is. $ | 1.8740 |
| Cent. Af. Repub. | C.F.A. Franc | 456.60 |
| Chad | C.F.A. Franc | 456.65 |
| Chile | C. Peso | (Bk) 88.24 |
| China | Renminbi Yuan | 3.3970 |
| Colombia | C. Peso | (F) 99.78 |
| Comoro Islands | C.F.A. Franc | 456.65 |
| Congo (Braz'ville) | C.F.A. Franc | 456.65 |
| Costa Rica | Colon | 19.46 |
| Cuba | Cuban Peso | 1.5894 |
| Cyprus (S) | Cyprus £ | 0.780 |
| Czechoslovakia | Koruna | (com) 11.46 |
| | | n/c 22.78 |
| | | (T) 19.94 |
| Denmark | Danish Krone | 12.176 |
| Djibouti | Fr. | 385.0 (sg) |
| Dominica (S) | E. Caribbean $ | 6.11 |
| Dominican Repub | Dominican Peso | 2.2486 |
| Ecuador | Sucre | (O) 56.73 |
| | | (F) 62.35 |
| Egypt | Egyptian £ | (U) 1.58 |
| Equatorial Guinea | Peseta | 148.90 |
| Ethiopia | Ethiopian Birr | (P) 4.6650 |
| Falkland Islands (S) | Falkland Is. £ | 1.0 |
| Faro Islands | Danish Krone | 12.176 |
| Fiji Islands | Fiji $ | 1.8880 |
| Finland | Markka | 8.586 |
| France | French Franc | 9.145 |
| French C'ty in Af | C.F.A. Franc | 456.65 |
| French Guiana | Local Franc | 9.145 |
| French Pacific Is. | C.F.P. Franc | 168.10 |
| Gabon | C.F.A. Franc | 456.65 |
| Gambia (S) | Dalasi | 4.0 |
| Germany (East) | Ostmark | 3.9125 |
| Germany (West) | Deutsche Mark | 3.9125 |
| Ghana (S) | Cedi | 6.27 |
| Gibraltar (K) | Gibraltar £ | 1.0 |
| Greece | Drachma | n/a |
| Greenland | Danish Kroner | 12.175 |
| Grenada (S) | E. Caribbean $ | 6.11 |
| Guadaloupe | Local Franc | 9.145 |
| Guam | U.S. $ | 2.2485 |
| Guatemala | Quetzal | 2.2485 |
| Guinea Republic | Sily | 49.66 |
| Guinea Bissau | Peso | 75.46 |
| Guyana (S) | Guyanese $ | 5.7670 |
| Haiti | Gourd | 11.30 |
| Honduras Repub | Lempira | 4.5400 |
| Hong Kong (S) | H.K. $ | 10.83 |
| Hungary | Forint | (com) 74.77 |
| | | (T)(nc) 44.71 |
| Iceland (S) | I. Krona | 903.0 |
| India (S) | Ind. Rupee | 18.11 |
| Indonesia | Rupiah | 1,413.45 |
| Iran | Rial | n.a. |
| Iraq | Iraq Dinar | 0.66615 |
| Irish Republic (k) | Irish £ | 1.0610 |
| Israel | Israel £ | 88.36 |
| Italy | Lira | 1,816.0 |
| Ivory Coast | C.F.A. Franc | 456.65 |
| Jamaica (S) | Jamaica Dollar | 4.0100 |
| Japan | Yen | 540.0 |
| Jordan (S) | Jordan Dinar | 0.680 (sg) |
| Kampuchea | Riel | 2,713.8 |
| Kenya (S) | Kenya Shilling | 16.47 |
| Kiribati | Australian $ | 2.0360 |
| Korea (Nth) | Won | 1.879 (U) |
| Korea (Sth) | Won | 1,309.50 |
| Kuwait (Sth) | Kuwait Dina | 0.615 |
| Laos | Kip Pot Po | 904.60 |
| Lebanon | Lebanese £ | 7.4065 |
| Lesotho | S. African Rand | 1.8570 |
| Liberia | Liberian $ | 2.2486 |
| Libya | Libyan Dinar | 0.6695 |
| Liechtenstein | Swiss Franc | 3.64 |
| Luxembourg | Lux Franc | 65.40 |
| Macao | Pataca | 19.00 |
| Madeira | Portug'se Escudo | 112.70 |
| Malagasy Republic | MG Franc | 456.65 |
| Malawi (S) | Kwacha | 1.80 |
| Malaysia (S) | Ringgit | 4.9490 |
| Maldive Islands (S) | Mal Rupee | 8.8875 |
| Mali Republic | Mali Franc | 914.50 |
| Malta (S) | Maltese £ | 0.775 |
| Martinique | Local Franc | 9.145 |
| Mauritania | Ouguiya ‡ | 91.76 |
| Mauritius (S) | M. Rupee | 17.16 |
| Mexico | Mexican Peso | 51.65 |
| Miquelon | C.F.A. Franc | 456.65 |
| Monaco | French Franc | 9.145 |
| Mongolia | Tugrik | (o) 6.2580 (U) |
| Monserrat | E. Caribbean $ | 6.11 |
| Morocco | Dirham | 8.46 (sg) |
| Mozambique | Moz. Escudo | 69.00 |
| Nauru | Australian Dollar | 2.0560 |
| Nepal | Nepalese Rupee | 27.15 |
| Netherlands | Guilder | 4.315 |
| Netherland Antilles | Antilian Guilder | 4.0480 |
| New Hebrides | Franc | 147.40 |
| | Aust. Dollar | 2.0560 |
| New Zealand (S) | N. Z. Dollar | 2.2926 |
| Nicaragua | Cordoba | 22.82 |
| Niger Republic | C. F. A. Franc | 456.65 |
| Nigeria (S) | Naira | 1.250122 (sg) |
| Norway | Norway Krone | 11.05 |
| Oman Sul'ate of (S) | Rial Omani | 0.781 |
| Pakistan | Pakistan Rupee | 29.40 |
| Panama | Balboa | 2.2485 |
| Papua N. Guinea (S) | Kina | 1.5660 |
| Paraguay | Guarani | 282.36 |
| Peoples D. Repub. of Yemen (S) | S. Yemen Dinar | (A) 0.7725 |
| Peru | Sol | exC(A) 599.58 |
| Philippines | Philippine Peso | 16.75 |
| Pitcairn Islands (S) | £ Sterling | — |
| | New Zealand $ | 2.2925 |
| Poland | Zloty | (Cm) 65.00 |
| | | (T) 66.00 |
| Portugal | Portugu'se Escudo | 112.70 |
| Port Timor | Timor Escudo | 112.70 |
| Puerto Rico | U.S. $ | 2.2485 |
| Qatar (S) | Qatar Ryal | 8.31 |
| Reunion Ile de la | French Franc | 9.145 |
| Rhodesia | Rhodesian $ | 1.5850 |
| Romania | Leu | (Cm) 10.03 |
| | | (c/c) 26.06 |
| Rwanda | Rwanda Franc | 209.20 |
| St. Christopher (S) | E. Caribbean $ | 6.11 |
| St. Helena | St. Helena £ | 1.0 |
| St. Lucia | E. Caribbean $ | 6.11 |
| St. Pierre | C.F.A. Franc | 456.65 |
| St. Vincent (S) | E. Caribbean $ | 6.11 |
| Salvador El | Colon | 5.86 |
| Samoa American | U.S. $ | 2.2485 |
| San Marino | Italian Lira | 1,816.0 |
| Sao To'e & Principe | Dobra | 72.68 |
| Saudi Arabia | Ryal | 7.59 |
| Senegal | C.F.A. Franc | 456.65 |
| Seychelles | S. Rupee | 13.80 |
| Sierra Leone (S) | Leone | 8.5157 |
| Singapore (S) | Singapore $ | 4.8760 |
| Solomon Islands (S) | Solomon Is. $ | 1.9560 |
| Somali Republic | Somali Shilling | (A) 15.65 |
| South Africa (S) | Rand | 1.8570 |
| South West African Territories (S) | S. A. Rand | 1.8570 |
| Spain | Peseta | 148.90 |
| Spanish ports in North Africa | Peseta | 148.90 |
| Sri Lanka (S) | S. L. Rupee | 34.80 |
| Sudan Republic | Sudan £ ⊕ | n/a |
| Surinam | S. Guilder | 4.0480 |
| Swaziland (S) | Lilangeni | 1.8370 |
| Sweden | S. Krona | 9.3575 |
| Switzerland | Swiss Franc | 3.64 |
| Syria | Syria £ | (A) 8.8790 |
| Taiwan | New Taiwan | (P) 81.40 |
| Tanzania (S) | Tan. Shilling | 18.53 |
| Thailand | Baht | 46.10 |
| Togo Republic | C.F.A. Franc | 456.65 |
| Tonga Islands (S) | Pa'anga | 2.0568 |
| Trinidad (S) | Trinidad & Tob. $ | 5.5965 |
| Tunisia | Tunisian Dinar | 0.883 (SG) |
| Turkey | Turkish Lira | 159.50 |
| Turks & Caicos | U.S. $ | 2.2485 |
| Tuvalu | Australian $ | 2.0360 |
| Uganda (S) | Uganda Shilling | 16.96 |
| United States | U.S. Dollar | 2.2486 |
| Uruguay | Uruguay Peso | (cm) 19.21 |
| | | (fn) 19.21 |
| Utd. Arab Emirates | U.A.E. Dirham | 8.40 |
| U.S.S.R. | Rouble | 1.4254 |
| Upper Volta | C.F.A. Franc | 456.65 |
| Vatican | Italian Lira | 1,816.0 |
| Venezuela | Bolivar | 9.71 |
| Vietnam | Dong | (O) 4.9300 |
| | | (T) 4.60 (U) |
| Virgin Islands U.S. | U.S. Dollar | 2.2485 |
| Western Samoa (S) | Samoan Tala | 2.0440 |
| Yemen | Ryal | 10.25 (SG) |
| Yugoslavia | New Y Dinar | 44.7999 |
| Zaire Republic | Zaire | 4.607659 |
| Zambia | Kwacha | 1.76 |

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 95.00. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and so are not members of IMF. (U) Based on gross rates against Russian rouble. ⊕ Incentive rate.

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## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A B N Bank | 17 % | ■ Guinness Mahon | 17 % |
| Allied Irish Bank | 17 % | ■ Hambros Bank | 17 % |
| Amro Bank | 17 % | ■ Hill Samuel | §17 % |
| American Express Bk. | 17 % | C. Hoare & Co. | †17 % |
| Henry Ansbacher | 17 % | Hongkong & Shanghai | 17 % |
| A P Bank Ltd. | 17 % | Industrial Bk. of Scot. | 17½% |
| ■ Arbuthnot Latham | 17 % | Keyser Ullmann | 17 % |
| Associates Cap. Corp. | 17 % | Knowsley & Co. Ltd. | 18½% |
| Banco de Bilbao | 17 % | Lloyds Bank | 17 % |
| Bank of Credit & Cmce. | 17 % | Edward Manson & Co. | 18 % |
| Bank of Cyprus | 17 % | Midland Bank | 17 % |
| Bank of N.S.W. | 17 % | ■ Samuel Montagu | 17 % |
| Banque Belge Ltd. | 17 % | ■ Morgan Grenfell | 17 % |
| Banque du Rhone et de la Tamise S.A. | 17½% | National Westminster | 17 % |
| Barclays Bank | 17 % | Norwich General Trust | 17 % |
| Bremar Holdings Ltd. | 18 % | P. S. Refson & Co. | 17 % |
| Brit. Bank of Mid. East | 17 % | Rossminster | 17 % |
| ■ Brown Shipley | 17 % | Ryl. Bk. Canada (Ldn.) | 17 % |
| Canada Perm't Trust | 17 % | Schlesinger Limited | 17 % |
| Cayzer Ltd. | 17 % | E. S. Schwab | 17 % |
| Cedar Holdings | 17 % | Security Trust Co. Ltd. | 18 % |
| ■ Charterhouse Japhet | 17 % | Standard Chartered | 17 % |
| Choulartons | 17 % | Trade Dev. Bank | 17 % |
| C. E. Coates | 17 % | Trustee Savings Bank | 17 % |
| Consolidated Credits | 17 % | Twentieth Century Bk. | 17 % |
| Co-operative Bank | *17 % | United Bank of Kuwait | 17 % |
| Corinthian Secs. | 17 % | Whiteaway Laidlaw | 17½% |
| The Cyprus Popular Bk. | 17 % | Williams & Glyn's | 17 % |
| Duncan Lawrie | 17 % | Yorkshire Bank | 17 % |
| Eagil Trust | 17 % | | |
| E. T. Trust Limited | 17 % | | |
| First Nat. Fin. Corp. | 18½% | | |
| First Nat. Secs. Ltd. | 18 % | | |
| Robert Fraser | 18 % | | |
| ■ Antony Gibbs | 17 % | | |
| Greyhound Guaranty | 17 % | | |
| Grindlays Bank | ‡17 % | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15½%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½%, and over £25,000 15¾%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

## EUROPEAN OPTIONS EXCHANGE

| Series | | April Vol. | April Last | July Vol. | July Last | Oct. Vol. | Oct. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN G | F.320 | 6 | 1.80 | — | — | — | — | F.295 |
| ABN C | F.350 | — | — | 5 | 1 | — | — | — |
| AKZ G | F.22.50 | 10 | 1.70 | — | — | — | — | F.23.10 |
| AKZ G | F.25 | 38 | 0.60 | 7 | 1 | 20 | 1.40 | ,, |
| AKZ G | F.27.50 | 12 | 0.20 | — | — | — | — | ,, |
| AKZ G | F.30 | 10 | 0.10 | — | — | — | — | ,, |
| AKZ P | F.22.50 | 5 | 0.60 | — | — | — | — | ,, |
| AKZ P | F.25 | 10 | 2.10 | — | — | — | — | ,, |
| AKZ P | F.27.50 | — | — | 7 | 4.80 | — | — | ,, |
| ARB G | F.65 | 4 | 1.40 | 6 | 2.30 | — | — | F.62.10 |
| ARB C | F.70 | — | — | 5 | 1.10 | — | — | ,, |
| HEI G | F.70 | 2 | 5.60 | — | — | — | — | F.75 |
| HEI G | F.75 | 5 | 2 | 10 | 3.40 | — | — | ,, |
| HEI P | F.75 | 5 | 4 | — | — | — | — | ,, |
| IBM G | $70 | — | — | 10 | 6 | — | — | $70⅝ |
| KLM C | F.60 | 1 | 11 | 8 | 12.80 | — | — | F.69 |
| KLM G | F.70 | 108 | 3.30 | 20 | 5.90 | 1 | 0.50 | ,, |
| KLM C | F.80 | 358 | 1.30 | 12 | 6 | 30 | 8 | ,, |
| KLM D | F.90 | 179 | 0.40 | 6 | 1.20 | — | — | ,, |
| KLM G | F.100 | 10 | 0.20 | — | — | — | — | ,, |
| KLM P | F.60 | 108 | 1.60 | — | — | — | — | ,, |
| KLM P | F.70 | 188 | 4.70 | 24 | 6 | — | — | ,, |
| KLM P | F.80 | 78 | 11.80 | 2 | 9.70 | 2 | 12 | ,, |
| KLM P | F.90 | 5 | 21 | — | — | — | — | ,, |
| NN G | F.120 | 3 | 8.70 | 6 | 4.70 | — | — | F.118.30 |
| NN C | F.126 | 5 | 1.40 | — | — | — | — | ,, |
| PET G | Fr.6000 | 11 | 170 | — | — | — | — | Fr.5600 |
| PHI G | F.20 | 12 | 1.20 | 20 | 1.40 | — | — | F.20.20 |
| PNI G | F.22.50 | 10 | 0.30 | 46 | 0.70 | 57 | 0.80 | ,, |
| RD G | F.140 | 111 | 15.40 | — | — | — | — | F.153.30 |
| RD C | F.145 | 26 | 11.30 | — | — | — | — | ,, |
| RD G | F.150 | 174 | 3.40 | 197 | 8.60 | 52 | 10.20 | ,, |
| RD G | F.160 | 99 | 2.50 | 66 | 4.90 | — | — | ,, |
| RD P | F.140 | 5 | 0.80 | — | — | — | — | ,, |
| RD P | F.145 | 36 | 1.60 | — | — | — | — | ,, |
| RD P | F.150 | 63 | 2.80 | 8 | 5.50 | 1 | 6 | ,, |
| RD P | F.160 | 22 | 8.20 | — | — | — | — | ,, |
| | | Feb. | | May | | Aug. | | |
| BA G | $50 | 1 | 10 | 2 | 17 | — | — | $60½ |
| BA G | $60 | — | — | 1 | 6½ | 8 | 11½ | ,, |
| OXY G | $25 | — | — | 10 | 4⅛ | — | — | $27⅞ |
| TOTAL VOLUME IN CONTRACTS | | | | | 2273 | | | |

C=Call P=Put

# Firmer early Wall St. trend

WITH OIL and Defence issues showing renewed strength, Wall Street stocks tended to improve in active trading yesterday morning after last Friday's modest reaction on profit-taking.

The Dow Jones Industrial Average was only 0.08 firmer at 876.19 at 1 pm, although the NYSE All Common Index gained 47 by a seven-to-six margin, while volume amounted to 34.05m shares against last Friday's 1 pm level of 30.51m.

Analysts said although investors are worried about interest rates and inflation, institutional demand for selective stocks remains strong. They added that investors increasingly view the stock market as a better hedge against inflation than the debt market on a total return basis. Prices in the Bond market have been under pressure for months.

However, they said with the strong gains in stock prices recently, the market remains subject to profit-taking.

Volume leader Chrysler rose ⅛ to $9⅛. President Carter's budget should raise spending for Chrysler's XM-1 tank to $1.15bn from $769m.

Among the Oils, active Texaco gained 1⅛ to $36⅛, Mobil 1⅛ to $56⅞, Exxon ⅞ to $58⅞ and Amerada Hess 1⅛ to $55⅛, but Shell Oil lost ⅛ to $67⅞ despite reporting sharply higher fourth-quarter net earnings.

Corn Sweetener stocks rose sharply. Standard Brands advanced 3⅛ to $32⅛, Archer-Daniels-Midland 3⅛ to $37⅞, CPC International 3⅞ to $68⅞ and A. E. Staley 5⅛ to $44, after opening at $48. Coca-Cola, which added ⅞ at $33⅞, said it has approved a blend of 50 per cent high fructose corn syrups and 50 per cent natural sugar in its main soft drink, Coca-Cola.

Rosario Resources gained $1 to $72. The company said it is holding merger talks with several concerns in addition to Hudson Bay Mining, and has asked shareholders to defer action on the Hudson Bay bid. Hudson Bay put on ⅛ to $30⅛.

Texas Instruments moved ahead 5⅛ to $104. It plans to offer $250m of of 25-year debt.

THE AMERICAN SE Market Value Index climbed 3.66 to 270.45 at 1 p.m. Volume 5.95m shares (4.61m).

Closing prices for North America were not available for this edition.

## Canada

Markets were firmer-inclined in busy early trading, with the Toronto Composite Index adding 3.5 at 1,958.6 at noon. The Oil and Gas index rose 32.7 to 4,024.4 and Metals and Minerals 3.9 to 2,059.1, but Golds shed 14.7 to 2,856.2.

## Tokyo

Strong buying, centred on major Steel shares, Heavy Electricals, Shipbuildings, Textiles, Chemicals and Non-ferrous Metals, spurred the market on in early dealings, but profit-taking later set in, especially in recently strong Petroleums, leaving an easier overall tendency on balance.

The Nikkei-Dow Average reached a new record high of 6,775.33 at mid-day, but closed a net 0.40 off at 6,763.61. Declines on the First Market section finally outscored advances by 338 to 280. Turnover was a heavy 700m shares, compared with last Friday's 680m and Saturday's half-day session volume of 470m.

A broker commented that the reason for the market's subsequent reaction was investor fears of possible further restrictions on credit trading. The Tokyo Stock Exchange boosted the rate of margin requirements from 50 per cent to 60 per cent on January 16 in an effort to prevent an excessive inflow of "speculative hot money" in margin transactions. The broker added that apprehension about possible further controls on margin trading was making some investors hesitant about holding stocks whose prices look unstable.

Nipon Oil lost Y20 to Y1,910, TOA Nenryo Y25 to Y845, Honda Motor Y17 to Y615 and Shinwa Shipping Y3 to Y160, but Mitsui gained Y13 to Y383, Sanraku Shozo Y29 to Y554, Honshu Paper Y4 to Y220, Nisshin Steel Y4 to Y171 and Teijin Y8 to Y154.

Nisshin Spinning and other large-asset Textile concerns closed higher.

## Hong Kong

A fresh early market advance was later trimmed by profit-taking, although the Hang Seng index was still 6.07 stronger on the day at 926.08, its highest level since closing at 936.40 on April 24, 1973. Dealings were again active, with turnover on the four stock exchanges totalling HK$401.63m against last Friday's HK$410.83m.

Properties led the initial gains, with interest focusing particularly on New World Properties amid takeover rumours.

Dealers said they anticipated further gains today with bullish results expected from an important land auction.

Among Properties, HK Land rose 30 cents to HK$14.90, the 1980 Warrants HK$120 to HK$2,840 and 1986 Warrants 70 cents to HK$12.10. Cheung Kong advanced 90 cents to HK$22.10, SHK Properties 40 cents to HK$20.00 and Swire Properties 20 cents to HK$5.70.

New World, however, were only 5 cents higher on balance at HK$5.20 following a sharp rise last week.

Among the leaders, Wheelock "A" gained 22.5 cents to HK$4.725, HK Bank 20 cents to HK$20.80 and Jardine Matheson 10 cents to HK$17.30.

## Germany

Shares were easier for choice after light trading, the Commerzbank index slipping 3.2 to 702.6.

Deutsche Bank lost DM 1.40, while Degussa, in Chemicals, receded DM 4.20. Metallgesellschaft declined DM 4, but Krupp, in Steels, put on DM 1, and Motors concern BMW advanced DM 3.

## Paris

Stock prices displayed a slight bias to higher levels, with a lower gold price inducing some share buying despite an increase in the Call Money rate to 12⅛ per cent from 12 per cent.

Banks, Portfolios, Foods, Constructions, Hotels and Metals were generally preferred, but selling predominated among Electricals, Textiles and Transportation issues.

Closing substantially higher were Locofrance, Pechelbronn, Ferodo, Carrefour, Comptoirs Modernes, Bouygues, Borel, Prenatal, Chiers-Chatillon, BSN and Skis Rossignol. Creusot-Loire rose FFr3.3 to FFr70.5 on news that it has managed to reduce its losses in 1979.

Among those losing ground were Alsacienne de Supermarche, Dassault, Nouvelles Galeries, SAT, Thomson CSF, Sanines, Navigation Mixte, Dollfus-Mieg, BIS and CGIP.

## Australia

Markets were closed yesterday for a national holiday.

## Singapore

Another broad advance occurred, with bouts of profit-taking, well absorbed, leaving the Straits Times Industrial Index up 7.60 more at a new six-year peak of 464.08.

Among Shipyards, Sembawang Shipyard rose on expectations of good earnings, mostly from its ship repair operations. Pan Electric put on 5 cents to S$1.85, partly in anticipation that a major claim against Lloyds of London would soon be settled.

Boustead gained 12 cents to S$3.96 and Sime Darby 10 cents to S$4.06. Kuala Lumpur Kepong, however, receded 11 cents to S$4.09 on disappointment that a bonus issue was not announced with a final dividend declaration of 15 per cent.

## Johannesburg

Gold shares declined in fairly active trading in line with an easier Bullion price, and with Overseas sentiment adversely affected by last Friday's Pretoria Bank siege.

Mining Financials, however, were little changed. Platinums recouped some of their early losses, while Collieries closed mixed with a firmer bias.

## NEW YORK

## CANADA

## BELGIUM (continued)

## HOLLAND

## AUSTRALIA

## JAPAN (continued)

## DENMARK

## FRANCE

## ITALY

## NORWAY

## HONG KONG

## SINGAPORE

## SOUTH AFRICA

## GERMANY

## SWEDEN

## AUSTRIA

## SWITZERLAND

## BELGIUM/LUXEMBOURG

## JAPAN

## BRAZIL

## Indices

## NEW YORK ACTIVE STOCKS

# Coca Cola move hits sugar market

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD sugar prices tumbled yesterday following news that Coca Cola is to permit increased use of corn syrups, as a replacement sweetener, in all its soft drinks produced in the U.S., including Coke itself.

Dealers claimed the announcement by Coca Cola was more important in psychological terms than the actual impact on demand, but it triggered off a wave of selling bringing heavy losses in the futures market. The May position on the London futures market fell by £12.60 to £203.75 a tonne after having reached a high of £218.50 earlier in the day. This followed the London daily price for raw sugar being cut by £5 to £204.

In early trading in New York prices fell the permissible limit down of 1 cent a pound as a result of heavy selling by speculators. It was felt both in London and New York that the price fall was mainly a technical reaction after last week's surge to the highest levels since mid-1975. Dealers said the absence of any fresh "bullish" news, and the easier trend in gold, made it difficult to sustain the recent high prices.

Certainly the Coca Cola move will have little immediate effect on available supplies, although it does have long-term significance.

Trade estimates are vague about the actual amount of sugar that might be replaced by the use of more high fructose corn syrups (known as isoglucose in the EEC). Estimates of sugar used by U.S. soft drink makers vary from 750,000 to 900,000 tonnes a year.

What is significant, however, is that the U.S. corn syrup producers have made a breakthrough into one of sugar's most prized markets. In 1978 Cocoa Cola allowed the use of up to 75 per cent corn syrups in its allied products, but specifically excluded cola soft drinks. Now it is to permit corn syrups to provide up to 50 per cent blend with sucrose (either cane or beet) and is studying whether to allow an even greater percentage in the future.

Pepsi Cola seems likely to follow, since the use of corn syrups is claimed to cut production costs without impairing quality. Coca Cola has been extremely reluctant to interfere with the successful formula used for Coke, but evidently now thinks any risk is worth taking.

## Japanese plan to buy U.S. grain

THE JAPANESE Government is considering a plan to buy some of the U.S. feedgrain scheduled for shipment to the USSR but halted in retaliation for the Soviet military invasion in Afghanistan, according to the Japanese foreign ministry.

The amount of purchases under consideration is several hundreds of thousands of tonnes, they said.

A group of private Japanese economists called the Policy Planning Forum has proposed Japan buy all the embargoed grain, totalling 17m tonnes to be stored as a buffer stock designed to stabilise food supplies, with the cost met by Japan's external reserves.

The proposal, if carried out, will improve Japan-U.S. relations and could ease the U.S. request that Japan increase its defence spending, the economists said.

However, the Agriculture, Forestry and Fishery Ministry said it would be practically impossible for Japan to buy large amounts of feedgrain because of warehousing and stockpiling problems involved.

Meanwhile in New Orleans five international longshoremen's association local branches are prepared for a labour arbitration session tomorrow, resulting from their refusal to loan grain aboard ships bound for the Soviet Union, ILA vice-president James T. McClelland said.

# Copper market defies downward gold trend

BY OUR COMMODITIES EDITOR

COPPER prices surged on the London Metal Exchange in spite of the easier trend in gold and silver. Strong speculative buying forced cash wirebars to £1,306 at one stage before dipping back to close at £1,299 a tonne, £43 up on Friday's close. Significantly the cash price established a premium of £8.5 over the three months quotation, which rose by £28 to £1,290.5.

Dealers said this movement reflected a tightening in the nearby supply situation, even though warehouse stocks fell by only 1,400 to 118,725 tonnes.

It is believed that powerful speculators now hold quite a large proportion of the warehouse stocks. It is simpler, and cheaper, for them to keep the copper in the LME warehouses while attempting to squeeze prices higher by starving the market of supplies.

New York has taken special emergency measures to prevent a "cornering" of its market by big speculators. But, as London metal brokers, Rudolf Wolff point out in their annual metals review, the Metal Exchange wirebars contract is particularly vulnerable at present. Stocks have fallen steadily. The bulk of trade in copper is now in cathodes, but on the LME it is the wirebars contract that receives the bulk of trading activity, including speculative buying.

It is also pointed out that with the expiry of the U.S. copper workers three-year labour contracts in June, there is likely to be some protective stockpiling by fabricators leaving less supplies available for the market.

Fears that oil supply crisis will bring an economic recession, and a fall in demand for copper, have been pushed into the background for the moment by the threatened U.S. strike. There are, however, more doubts about the second half of the year.

Meanwhile U.S. copper producers have announced a series of further price increases pushing their domestic quotation to a record level of $1.30 cents a lb and over.

Other base metals were encouraged by the rise in copper, with the exception of tin which lost further ground. Tin stocks held in LME warehouses rose again, by 295 tonnes to a total of 3,115 tonnes, and the cash price dropped by £85 to £7,365 a tonne. It is thought some of the extra supplies available to the market may be the result of the UK steel strike hitting tinplate production.

A fall in lead stocks, down by 725 to 15,675 tonnes, sustained the lead market. But aluminium was restrained by a large stocks increase of 4,375 tonnes raising total warehouse holdings to 30,075 tonnes. Zinc stocks fell by 350 to 46,150 tonnes, while nickel holdings were only six tonnes up at 6,324 tonnes.

## Silver supply squeeze

BY OUR COMMODITIES STAFF

SILVER PRICES moved lower on the London market following gold downwards. A significant factor, however, was that the spot price has moved much in line with the three months' figure due to a shortage in nearby supplies.

At the morning fixing spot silver was quoted at 1,560p, a fall of 120.35p on Friday's close, with three months also at 1,560p. On the London Metal Exchange spot silver closed at 1,555p, marginally below the three month's quotation.

In New York, silver futures lost $1 an ounce from Friday, with spot trading erratically between $34.00 and $33.00 an ounce. Trading there has been hard hit by last week's decision by Comex to restrict dealings to "liquidation only."

To alleviate this problem, the Chicago Board of Trade has said it will allow traders to take new positions in silver futures provided such positions are closed out by the end of the trading day. It claims this will create more liquidity for the market to operate more effectively.

## Soviet softwood for UK sale

By A Correspondent

THE FIRST schedule of softwood offered by the Soviet Union to UK importers has been fully subscribed by the trade. Response has been described by sellers as good and it is thought that they will take the opportunity of adding to the nominal quantity of 330,000 cubic metres in the schedule.

Prices showed an average rise of about 14 per cent on last March and the wood was priced in straight sterling with no link to other currencies.

It was thought when the schedule was circulated on January 16 that the absence of any currency clause might curb importers' enthusiasm but this has not happened.

It is thought that the USSR has something over a million cubic metres of softwood to sell on the UK market this year—a reduction of some 20 per cent on 1979—and that a second offer can be expected in March.

## Marginal farm aid sought

Financial Times Reporter

THE NATIONAL Farmers Union is pressing Mr. Peter Walker, the Agriculture Minister, to extend the increased subsidies granted to hill farmers before Christmas to include farmers on marginal land.

These farmers could have a "very tough" 12 months ahead of them unless the Government extends the subsidies, Mr. Richard Butler, president of the National Farmers' Union, warned yesterday following a tour of Cumbria.

He said they had suffered more than their lowland colleagues from last year's severe winter but missed out on the higher subsidies granted to hill farmers.

There were almost 20,00 marginal farms spread throughout Cumbria, Northumberland, Durham and North Yrkshire.

## Price increase for dairymen

DAIRY farmers in England and Wales will receive 0.689p more per litre for milk delivered to dairies this month, the Milk Marketing Board announced yesterday.

Most of the rise, 0.557p, represents the farmers' share of the 1½p a pint retail price rise taking effect from February 17.

MALAYSIAN COMMODITY MARKET

# Exchange planned for Kuala Lumpur

BY WONG SULONG IN KUALA LUMPUR

AFTER SEVERAL years of careful study and planning, Malaysian authorities say they are now ready to launch a commodities exchange in Kuala Lumpur, which they hope will develop into an important international market.

Datuk Leong Khee Seong, the Minister of Primary Industries, will present the Commodities Trading Bill to parliament in March and the exchange is expected to start trading in June.

The idea of having a Kuala Lumpur Commodities Exchange (KLCE) arose in the early 1970s, based on the rationale that the Malaysian capital should develop as a terminal commodity and financial centre as the country produces a wide range of commodities—rubber, tin, palm oil, pepper—in such large volumes.

Apart from the KLCE, the Bill provides for the setting up of a commodities trading council, and a clearing house.

The council will be a government-appointed body with enforcement and supervisory powers, while the KLCE and the clearing house will be private companies, independent of each other.

The clearing house will be a joint venture, with the International Commodities Clearing House of Sydney holding 30 per cent of the capital, and 70 per cent to be held by Malaysian Banks, including foreign banks operating in Malaysia.

Palm oil will be the first product to be traded. Later, the authorities hoped to include other products such as tin, pepper, cocoa and eventually, rubber.

In the course of the planning, Malaysian authorities have visited the main commodity trading centres in Europe, the U.S., Japan and Australia. Trading in the Kuala Lumpur Exchange will incorporate what Malaysia thinks are the better aspects of the trade.

The KLCE will operate with minimum interference from the government, which prefers to see self-discipline among its members.

Trading will be on the "open cry" system, but secrecy in trading position will be upheld.

Trading in palm oil futures will be in lots of 25 tonnes. For the exchange to be viable, it is anticipated that at least 175 lots needed to be transacted daily

The Malaysians claim the cost of trading in the KLCE will be low. A trader will pay charges of about $3.2 per tonne of palm oil on a roundturn contract (purchase and liquidation) compared with $4.65 on the Chicago exchange.

Reflecting the Malaysian Government's conservatism and its anxiety that the KLCE should start off on a proper footing, Datuk Leong stressed that the exchange should not be regarded as a "trading casino."

Speculation is necessary and welcomed, but Leong said the government would ensure there is no "excessive" speculation.

All dealers and companies dealing in commodity futures are required to be registered under the Bill. Companies dealing on the KLCE will pay 30,000 ringgits (£6,000) to a compensation fund, while those dealing with overseas markets in commodities not traded in the KLCE will have to deposit at least another 100,000.

Of late, so-called commodity trading companies, dealing in beans and seeds with overseas markets, have mushroomed in Kuala Lumpur, and many of these are no more than "trading casinos" which Leong is concerned about.

The present rubber market in Kuala Lumpur and the physical tin market in Penang will continue to operate.

Leong said his Ministry had done a feasibility study of introducing tin futures in the KLCE, but added, even if this was done, the Penang market would remain.

Merging the rubber market with the KLCE will be a more delicate issue. The rubber market is essentially dominated by five broking firms, and it is virtually a closed-shop business as any new broker can only be admitted through the sponsorship of two existing brokers.

Leong's relationship with the rubber broking firms is by no means cordial. The Chinese rubber dealers have a strong lobby in the Malaysian Chinese Association, the main Chinese partner in the government, while Leong belongs to the junior Gerakan Party.

Malaysian rubber traders prefer status quo and Leong is, understandably, approaching the merger with considerable caution.

The problem is also complicated because the Malaysian rubber market operates the "whispering" system as opposed to the "open cry," and has strong links with the Singapore rubber market.

A premature move to bring rubber trading under the wings of the KLCE could drive business from Kuala Lumpur to Singapore.

## Investigation into deer antler harvesting

THE MINISTRY of Agriculture has ordered an investigation into the practice of of harvesting deers' antlers for their "velvet" for export to Asian countries where it is widely believed to have medicinal properties.

The investigation will be undertaken by the Ministry's Farm Animal Welfare Council

The Council has invited the views of the main welfare, veterinary and farming organisations and particular research bodies. It will also welcome comments from members of the public arriving not later than February 15.

## More money for U.S. agencies

The U.S. state department has requested $36.9m in the 1981 fiscal year Budget to cover the estimated U.S. share of the finances for eight world commodity groups.

President Carter's budget for 1981 also seeks $88m to cover the U.S. contribution for the acquisition of natural rubber for a buffer stock

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Sharply higher on the London Metal Exchange, as a tightening in the nearby supply situation caused the backwardation to widen. Forward metal moved erratically in the morning, opening at £1,280, moving ahead to the mid-£1,270s and then falling to £1,260 as the bullion price weakness brought out profit-taking in copper. At this point, however, good buying of cash material prompted strong fresh speculative buying of forward metal which rose sharply to £1,305 at the start of the morning kerb. During the afternoon prices fell back in the wake of Comex with forward metal dipping to £1,275 prior to closing the late kerb at £1,289. Turnover 31,625 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,295, 1,300, 05, 04, 05, three months £1,266, 55, 54, 56, 59, 60, 62, 70, 73, 76, 76, 78, 80, 85, 84, 85, 88, 00, 92, 93. Kerb: Wirebars, cash £1,303, 04, 1,300, 1,298, three months £1,290, 92, 91, 92, 93, 95, 97, 99, 98, 97, 98, 99, 1,300, 03, 05, 04. Afternoon: Wirebars, three months £1,298, 99, 1,300, 1,298, 97, 95, 96, 97, 92, 93, 92.5, 92, 91, 90, 92, 93, 92, 91, 90, 91. Kerb: Wirebars, three months £1,280, 75, 77, 76, 75, 74, 75, 76, 77, 79, 80, 81, 82, 81, 83, 84, 85, 86, 87, 89, 88, 87.

TIN—Easier. After opening lower at £7,340 owing to the decline at Penang forward metal fell to £7,330 on hedge selling which was only partly met by buying thought to have been on behalf of Eastern European account. Renewed selling depressed the price to £7,310 on the morning kerb but thereafter the market rallied on U.S. interest to close the late kerb at £7,340. The sizeable increase in warehouse stocks resulted in the backwardation narrowing to around £40. Turnover 915 tonnes.

Morning: Standard, cash £7,340, three months £7,340, 35, 30, 35, 40, 30, 10, 7,300, 20. Kerb: Standard, three months £7,320, 10. Afternoon: Standard, cash £7,350, three months £7,320, 10, 15, 25, 20, 25. Kerb: Standard, three months £7,320, 30, 40, 50, 40.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 1304-.5 | +54 | 1298-1299 | +45 |
| 3 months | 1293-.4 | +38 | 1290-.1 | +28 |
| Settlem't | 1306 | +54 | — | ...... |
| Cathodes | | | | |
| Cash | 1258-62 | +42.5 | 1251-.4 | +41.5 |
| 3 months | 1265-.9 | +28.5 | 1264-.9 | +30 |
| Settlem't | 1262 | +42 | — | ...... |
| U.S. Prod | — | ...... | *113-23 | ...... |

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7340-50 | −115 | 7360-70 | −85 |
| 3 months | 7310-50 | −82.5 | 7325-40 | −47.5 |
| Settlem't | 7350 | −115 | — | ...... |
| Standard | | | | |
| Cash | 7340-50 | −115 | 7360-70 | −85 |
| 3 months | 7310-20 | −82.5 | 7325-30 | −47.5 |
| Settlem't | 7350 | −115 | — | ...... |
| Straits E. | ‡2161 | −19 | ...... | ...... |
| New York | — | ...... | | ...... |

LEAD—Firmer. The strength of the copper market coupled with good trade buying interest early on saw forward metal lift from £493 on the pre-market to £505 in the rings. However, the reaction in copper and profit-taking pared the price to £499.5 on the late kerb. Turnover 8,600 tonnes.

Morning: Cash £510, three months £495, 99, 500, 08, 7, 8, 6, 4, 3, 4, 9, 4. Kerb: Three months £504, 5, 6, 9. Afternoon: three months £504, 5, 4, 3, 4, 6, 2, 1, 2, 3, 2, 1.5, 2. Kerb: Three months £500.

| LEAD | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 509-10 | −6 | 505-.5 | +5.5 |
| 3 months | 504-.5 | −5.25 | 501.5-2 | +6.25 |
| S'ment | 510 | −6 | — | ...... |
| U.S. Spot | — | ...... | *50 | ...... |

ZINC—Held steady throughout the day as light trade buying support saw forward metal edge up from £366.5 on the pre-market to close the late kerb at £375.5. Turnover 4,500 tonnes.

Morning: Three months £372, 74, 73, 72. Kerb: Three months £372.5, 73. Afternoon: Cash £359, three months £373, 74, 75. Kerb: Three months £375, 76.

| ZINC | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 356-.8 | −2 | 359-60 | −.5 |
| 3 months | 372-.3 | −2.25 | 375-.6 | +1.25 |
| S'ment | 358 | −3 | — | ...... |
| Primw'ts | — | ...... | *37.5 | ...... |

ALUMINIUM—Quietly firmer with sentiment helped by a slightly less than forecast rise in stocks and the strength of copper. Forward metal edged higher to touch £907 in the morning but eased back to close the late kerb at £904.5. Turnover 3,300 tonnes.

Morning: Three months £904, 3, 7, 6, 5, 6. Kerb: Three months £904, 6, 4. Afternoon: Three months £904, 9, 3, 2, 3.5. Kerb: Three months £904, 3.5.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 898-.5 | −6.5 | 898-9 | +4 |
| 3 months | 905-.6 | −7.5 | 903-.5 | +.75 |

NICKEL—Barely changed in fairly routine trading. Forward metal rose to £3,185 in the second ring during the morning as copper surged ahead but the market failed to hold this level as profit-taking and a downturn in copper depressed the price to £3,180 prior to a close on the late kerb of £3,185. Turnover 558 tonnes.

Morning: March £3,180, three months £3,180, 90, 85, 95, 90, 85. Kerb: Three months £3,185, 80, 85. Afternoon: Three months £3,180, 70, 80, 70, 65, 75, 80. Kerb: Three months £3,170, 65.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 3080-90 | +5 | 3050-70 | +18 |
| 3 months | 3180-5 | −9 | 3175-80 | +5 |

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

## SILVER

Silver was fixed £1.2035 lower for spot delivery in the London bullion market yesterday at £15.6. U.S. cents equivalents of the fixing levels were: spot $35.3, down $3; three-month $35.07, down $2.8; six-month $34.865, down $2.789; and 12-month $34.548, down $2.752. The metal opened at £15.45-16.35 ($35-37) and closed at £15.1-19 ($34-38).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 1560.00p | −120. | 1555p | −55. |
| 3 months | 1560.00p | −105. | 1560p | −45. |
| 6 months | 1555.50p | −110. | — | ...... |
| 12 months | 1548.30p | −112. | — | ...... |

LME—Turnover 150 (175) lots of 10,000 ozs. Morning: Cash 1600, three months 1570, 55, 50, 55, 60, 70, 80, 90. Kerbs: Three months 1595. Afternoon: Three months 1555, 50, 80. Kerbs: Three months 1565, 60. Closed 1550, 1570.

## COCOA

Cocoa futures remained steady in thin trading conditions throughout a dull day. Consumer price fixing during the morning session formed the lows for the day from which prices slowly advanced as sterling weakened.

| COCOA | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| March | 1468-69 | +9.5 | 1470-59 |
| May | 1465-66 | +11.0 | 1467-53 |
| July | 1477-78 | +14.0 | 1478-63 |
| Sep | 1490-92 | +8.5 | 1493-86 |
| Dec | 1519-24 | +13.5 | 1518-13 |
| March | 1539-55 | +12.0 | — |
| May | 1569-85 | +17.0 | — |

Physical trading was scarce as both producers and consumers remained sidelined, reports Gill and Duffus.

Sales: 1,052 (1,383) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 25: 144.19 (143.72): Indicator price Jan. 28: 15-day average 143.85 (143.59); 22-day average 143.57 (143.66).

## COFFEE

Robustas opened £18-£20 higher following a steady New York performance. Trade selling became the preminent feature but with some good commission house support the market remained in a tight trading range in fair volume. Early weakness in the New York market attracted further pressure in the afternoon but prices finished at the daily highs after a steady closing call, reports Drexel Burnham Lambert.

| COFFEE | Yesterdays Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| January | 1478-79 | +87.0 | 1490-63 |
| March | 1512-15 | +86.0 | 1516-489 |
| May | 1525-29 | +83.0 | 1530-11 |
| July | 1538-59 | +88.5 | 1549-28 |
| Sept | 1556-58 | +86.9 | 1560-34 |
| Nov | 1541-59 | +47.0 | 1550-48 |
| January | 1526-56 | +20.5 | — |

Sales: 5,721 (12,516) lots 5 tonnes.

ICS Indicator prices for Jan. 25 (cents per pound). Other Mild Arabicas 168.00 (160.00). Robustas ICA 1976 157.50 (159.00). ICA 1968 157.75 (159.25). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 179.75 (180.50).

## GRAINS

LONDON GRAIN FUTURES—Values eased initially but buying interest then steadied values. Volume was very thin generally and the market closed unchanged to 5p higher on old crop wheat and 10-20 down on old crop barley. New crops saw very little trade, reports Acli.

| Mnth | WHEAT Yest'rdays close | + or — | BARLEY Yest'rday close | + or — |
|---|---|---|---|---|
| Jan. | | | | |
| Mar. | 99.70 | ...... | 95.99 | −0.10 |
| May. | 104.00 | +0.05 | 100.65 | −0.20 |
| Sept. | 99.55 | −0.10 | 93.40 | −0.50 |
| Nov. | 100.20 | −0.10 | 97.00 | −0.30 |

Business done—Wheat: March 99.70-99.40, May 104.00-103.70, Sept. no trade, Nov. 100.20-100.20. Sales 52 lots of 100 tonnes. Barley: March 96.65-96.50, May 100.65-100.00, Sept. 93.60-93.40, Nov. 97.00-97.00. Sales 58 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 98.75, Feb. 101, March 101.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 96.25, March 97.25 transhipment East Coast. Maize: U.S./French Jan. unquoted, Feb. 117, March 118, transhipment East Coast. Barley: English Feed fob Jan. unquoted, Feb. 99.50, March 101, April 103.50, East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 93.60, E. Midlands 94.20, N. East 94.50, Scotland 90.60. Milling wheat: Eastern 98.00.

## RUBBER

The London physical market opened easier, with little interest throughout the day, and closed on a dull note. Lewis and Peat reported a Malaysian godown price of 340 nom (351) cents a kg (buyer, February).

| No. 1 R.S.S. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| Feb. | 78.80-79.00 | 79.00-79.75 | — |
| Mar. | 78.80-79.50 | 79.30-80.50 | — |
| Apr.-Jne | 79.60-79.80 | 81.80-82.10 | 81.60-79.75 |
| Jly.-Sept | 82.10-82.55 | 84.05-84.10 | 84.20-82.00 |
| Oct-Dec | 85.55-85.70 | 85.45-85.50 | 85.50-83.85 |
| Jan-Mar | 84.80-85.00 | 86.99-86.85 | 85.65-85.00 |
| Apr-Jne | 86.10-86.20 | 88.00-88.10 | 86.30-86.10 |
| Jly.-Sept | 87.15-87.20 | 89.20-89.30 | 88.55-87.20 |
| Oct-Dec | 88.50-88.60 | 90.25-90.60 | 88.75-88.60 |

Sales: 569 (682) at 15 tonnes.

Physical closing prices (buyer) were: Spot 77.50p (79.00p); March 75.75p (77.25p); April 77.25p (78.75p).

## SOYABEAN MEAL

The London market opened around 50p easier following increased USDA stocks to 1,770m bushels, reports T. G. Roddick. The market found good support during the afternoon session following a weaker sterling and closed around 30p higher.

| | Yest'rd'y Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| February | 121.00-21.5 | +0.40 | 121.00-20.70 |
| April | 118.50-18.5 | +0.25 | 118.40-17.40 |
| June | 119.50-19.6 | +0.40 | 116.50-16.40 |
| August | 117.80-18.8 | +0.90 | — |
| October | 118.50-17.5 | +0.65 | — |
| December | 119.00-20.8 | +0.75 | 118.50 |
| February | 120.10-22.0 | +0.05 | 120.40 |

Sales: 82 (40) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £204.00 (£209.00) a tonne cif for Jan.-Feb.-March shipment. White sugar daily price was £208.00 (£214.00).

Heavy trade selling produced losses of some £6.00 at a very active opening call. A report later that the Coca Cola Corporation were allowing the use of corn syrup in their major product aided the weaker sentiment and further losses of £7.00 were registered in the nearby months by the close, reports C. Czarnikow.

| Sugar Pref. Comm. Con. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| March | 199.00-19.50 | 214.50-214.5 | 218.50-99.00 |
| May | 203.50-04.00 | 216.20-216.5 | 218.50-03.50 |
| Aug. | 206.00-05.50 | 217.90-218.9 | 220.00-05.25 |
| Oct. | 205.50-06.00 | 218.75-19.00 | 221.50-05.50 |

Sales: 10,271 (7,193) lots of 50 tonnes.

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): April 198.00, 207.00, 207.00, 10; July 198.00, 207.00, nil, nil; Sept. 200.00, 213.00, nil, nil; Nov. 204.00, 219.00, nil, nil; Feb. 204.00, 219.00, nil, nil; April 207.00, 222.00, nil, nil; July 207.00, 222.00, nil, nil. Sales: 10.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £278.00 (£285.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 25: Daily price 1966 (20.08): 15-day average 17.07 (16.78).

## TEA AUCTION

LONDON TEA AUCTION—Demand was fairly good at yesterday's auction, but prices were generally lower. Price indications: quality 137p a kilo (140p), medium 110p (112p), plain 62p (62p).

## Guernsey to monitor tomato growers'

GUERNSEY authorities have set up a special committee to review economic policy in the light of conditions in the horticultural industry, following the difficulties last year for the island's tomato growers.

A combination of poor weather, rising fuel costs, high interest rates and heavy foreign competition, gave the industry its worst season for a long time in 1979.

Guernsey's finance committee, which has set up the new economic sub-committee, says that while it had been envisaged under the current 10-year economic plan that horticulture would contract in relation to other sections, the rate of contraction now seems likely to increase.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Jan. 28 1980 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £770/810 | ...... | £760/70 |
| Free Mkt (cs) | $2040/2060 | +195 | $1750/18 |
| Copper | | | |
| Cash w'bar | £1,299 | +43 | £992 |
| 3 mths | £1,290.5 | +99 | £1001.5 |
| Cash Cathode | £1,252.5 | +41.5 | £964.55 |
| 3 mths | £1,264.9 | +30 | £981.5 |
| Gold troy oz | $635 | −35 | $510 |
| Lead cash | £505 | +5.5 | £503.5 |
| 3 mths | £501.75 | +6.25 | £499.9 |
| Nickel | £3,195.75 | ...... | £3,260.17 |
| Free mkt (cif) (lb) | 305/330c | ...... | 270/80c |
| Platin'mtr'y oz | £199.0 | ...... | £195 |
| Free mkt | £350.35 | −11.05 | £304.25 |
| Quicksilver | $405/415 | +5 | $375/389 |
| Silver troy oz | 1560.00p | −120.35 | 1249.70p |
| 3 months | 1560.00p | −105.2 | 1289.70p |
| Tin Cash | £7,365 | −85 | £7,439 |
| 3 mths | £7,327.5 | −47.5 | £7,195 |
| Tungsten 22.04 lb | $138 | ...... | $157.75 |
| Wolfrm 22.04 lb | $142/146 | +9 | $129.5/134 |
| Zinc cash | £359.5 | −0.9 | £339.5 |
| 3 months | £375.5 | −1.25 | £346.5 |
| Producers | $780/820 | ...... | $780 |
| Oils | | | |
| Coconut (Phil) | $905u | −5 | $870 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £418 | ...... | £395 |
| Palm Malayan | $785 | ...... | $660 |
| Seeds | | | |
| Copra Philip | $600 | +5 | $565 |
| Soyabean (U.S.) | $284.25w | ...... | $290 |
| Grains | | | |
| Barley Futures | £100.55 | −0.20 | £97 |
| Maize | | | |
| French No3AM | £117z | ...... | £120 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | ...... | ‡ |
| No2HardWint. | £96.25r | +1.25 | £108.50 |
| Eng. Milling | ‡ | ...... | ‡ |
| Other commodities | | | |
| Cocoa ship't | £1,594 | +4 | £1,634 |
| Future May | £1,465.5 | +11 | £1,475.5 |
| Coffee Ft'Mar | £1,515.5 | +86 | £1,589.9 |
| Cotton A.Index | 81.70c | +2.25 | 83.4c |
| Rubber (kilo) | 77.50p | −1.5 | 66.5p |
| Sugar (Raw) | £204 | −5 | £179 |
| Woolt'ps 64s kl | 290p kilo | ...... | 275p kilo |

r Jan.-Feb. s Feb. v Feb.-March. t March-April. u April. w May. z Indicator. §Buyer.

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 28 tonnes. Few dealings occurred with only limited offtake. Scattered operations were directed towards Middle Eastern qualities.

GRIMSBY FISH—Supply fair, demand moderate. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.40, codlings £2.20-£3.34. Large haddock £5.00-£5.40, small haddock £4.00. Large plaice £4.30-£4.80, medium £3.70-£4.40. Best small plaice £3.50-£3.90; Skinned dogfish (medium) £8.50. Lemon soles (medium) £9.50, (large) £11.50. Rockfish £2.40-£2.70. Reds £2.50-£2.60. Saithe £2.50.

## MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 28. GB—Cattle 80.57p per kglw (−0.39). UK—Sheep 137.5p per kgestdcw (+0.2). GB—Pigs 66.4p per kglw (−2.5).

SMITHFIELD—pence per pound. Beef. Scotch killed sides 64.0 to 68.0. Eire hindquarters 70.0 to 74.0, forequarters 50.0 to 52.0. Veal: English fats 78.0 to 86.0, Dutch hinds and ends 109.0 to 112.0. Lamb: English small 54.0 to 62.0, *English small 66.0, medium 48.0 to 58.0, heavy 40.0 to 52.0, Scotch medium 4.0 to 58.0, heavy 40.0 to 52.0; Imported frozen: N.Z. PL new season 50.0 to 51.0, N.Z. PM new season 48.0 to 49.0. Pork: English, under 100 lbs, 40.0 to 50.0; 100-120 lbs 39.0 to 48.0; 120-180 lbs, 37.0 to 47.0. * Special quotation —very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Naval/Navelinas 4.00-4.80; Jaffa: Navels/Shamouti 50/189s 3.90-6.50; Greek: 2.50-2.60; Moroccan: 64/119s 3.90-4.00; Egyptian: 3.30-3.40. Satsumas—Spania: 95/189s 3.20-3.80. Clementines—Moroccan: 3/6s 4.00-5.00; Cyprus: 125/162 3.40-4.00. Lemons—Italian: 100/150s 5.50-5.80; Cyprus: 11-kg 64/120s 3.60-5.20. Grapefruit—Cyprus: 2.80-3.40; 20-kg 3.30-4.40; Jaffa: Large boxes 32/88s 3.80-4.80; Florida: Pink flesh 39/48s 4.80-5.30. Sours/Bitters — Spanish: 4.60-9.00. Apples—French: Golden Delicious, boxes 40-lb 138/175 4.20-5.40, 20-lb 2.20-2.80; Granny Smith 20-lb 2.60-3.20, 40-lb 4.40-5.80, Starkcrimson, approx. 20-lb 72s 2.80; 40-lb 5.60-6.30; Hungarian: Starking 40-lb 138s 5.00; Canadian: Red Delicious 40-lb 8.50-8.50; Italian: Granny Smith 20-lb, per pound 0.12-0.14. Grapes—Californian: Red Emperor, per pound 0.42-0.48; S. African: Oen Bon Hanneh 9.00. Plums—S. African: Santa Rosas per pound 0.27-0.32. Geviottas 0.40-0.50. Apricots—S. African: Per pound 0.40-0.50. Avocados—Israeli: 4.50-4.80; Canary: 7.00. Melons—Spanish: Green 7.00. 15-kg Green 8/15s 14.00. Pineapples—Ivory Coast: Each 0.60-0.00. Onions—Spanish: 6.00-6.20; Dutch: 3.00-3.30. Tomatoes—Canary: 3.80-4.50. Bananas—Jamaican: 28-lb 0.17-0.17½. Lettuce—Dutch: 24s 3.30. Cucumbers—Canary: 10/14s 3.40-3.60. Capsicums—Canary: Per pound 0.30-0.33. Celery—American: 36s 12.00; Israeli: 20/24s 7.00; Spanish: 5.50-5.80. Cauliflowers—French: 24s 9.50; Jersey: 8.00. Potatoes—Italian: Sacas 20-lb 3.00; Cyprus: 55-lb 4.00. Dates—Tunisian: 30s per box 0.36-0.42; Californian: Per pound 0.30-0.31.

English Produce: Potatoes—Per bag 2.40-3.00. Lettuce—Per 12, round 1.30-1.50. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Bramley 0.06-0.14. Cox's Orange Pippin 0.06-0.14, Spartans 0.10-0.12. Laxton 0.08-0.10. Pears—Per pound Conference 0.05-0.10, Comice 0.14-0.20. Swedes—Per 25/28-lb 0.70-0.80. Parsnips—Per 28-lb 1.40-1.50. Turnips—Per 28-lb 1.40-1.50. Cauliflowers—12s Kent 2.80-3.00. Rhubarb—Per pound, forced 0.22. Sprouts—Per pound 0.06-0.07. Cabbages Per bag 1.20. White cabbages 1.50. Onions—Per bag 2.40-2.80. Carrots—Per bag 0.60-0.90. Beetroots—Per bag 1.00-1.20.

# AMERICAN MARKETS

NEW YORK, January 28.

A LOWER London spot price weakened gold futures. Silver was offered $1 lower in continued response to the exchange's ban on new market positions. Copper was sharply lower due to the Comex ruling limiting the size of speculative accounts and the doubling of initial margin requirements. Rising corn and wheat prices on the talk of exporter buying prompted sympathy buying in the soyabeans. Sugar was sharply lower on reports that Coca-Cola would allow the use of high fructose corn syrup. Cocoa advanced slightly on technical buying. Coffee was mixed, rebounding off its loss on trade buying, reported Heinold.

Sales: 4,800. Handy and Harman bullion spot 3500.00 (same).

Copper—Jan. 126.10 (130.00), Feb. 124.90 (130.50), March 126.00-127.00, May 126.00-127.50, July 127.00-128.00, Sept. 129.30, Dec. 128.10, Jan. 128.40, March 128.90, May 129.40, July 129.00, Sept. 130.40. Sales: 9,984.

¶Silver—Jan. 3390.0-3400.0 (3350.0), Feb. 3600.0 (3700.0), March 3650.0, May 3700.0, July 3740.0, Sept. 3780.0, Dec. 3837.0, Jan. 3856.5, March 3893.5, May 3930.5, July 3967.5, Sept. 4004.5.

Potatoes (round whites)—March 58.5 (59.2), April unquoted (65.4), May 74.0-74.5, Nov. unquoted. Sales: 944

Tin—778.00-790.00 asked (788.00-800.00).

CHICAGO, January 28.

Lard—Chicago loose 21.25 (21.00). New York prime steam 22.75.

Live Cattle—Feb. 64.82-64.95 (64.42), April 68.60-68.45 (68.60), June 71.40-71.25, Aug. 71.27-21.00, Oct. 70.05, Dec. 71.10, Jan. ——, Feb. ——.

Live Hogs—Feb. 39.85-39.90 (40.10), April 39.20-39.50 (39.55), June 42.92-43.00, July 44.15-44.00, Aug. 43.40, Oct. 42.35, Dec. 44.30, Feb. 45.05, April 43.80.

‡‡Maize—March 272¼-272½ (270½), May 285½-285 (283¾), July 294½-294, Sept. 302-302¾, Dec. 308½-308¾, March 318-319¼.

Pork Bellies—Feb. 41.80-42.00 (42.95), March 42.50-42.65 (42.40), May 44.40-44.25, July 45.95, Aug. 46.52-45.50, Feb. 54.20, March ——, May ——, July ——, Aug. ——.

Silver—Jan. 3361.0-3400.0 (3400.0), Feb. 3585.0 (3705.0), March 3617.0, April 3652.0, June 3699.0, Aug. 3743.0, Oct. 3790.0, Dec. 3835.0, Feb. 3875.0, April 3920.0, June 3965.0, Aug. 4010.0, Oct. 4055.0, Dec. 4100.0, Feb. 4146.0, April 4197.2, June 4238.9, Aug. 4276.5.

‡Soyabeans—March 661-661 (660½), May 683½-683 (682¼), July 704-703½, Aug. 711½, Sept. 719, Nov. 730½-731½, Jan. 747½, March 765½.

‖Soyabean Meal—March 184.00-184.20 (184.40), May 188.30-188.50 (188.00), July 194.00-193.80, Aug. 196.00-197.00, Sept. 199.50-200.00, Oct. 202.00, Dec. 205.50-205.20, Jan. 206.50-206.00, March 210.00-213.00, May ——.

Soyabean Oil—March 23.55-23.60 (23.52), May 24.08-24.12 (24.00), July 24.52-24.55, Aug. 24.80-24.84, Sept. 25.05, Oct. 25.30, Dec. 25.65-25.60, Jan. 25.65-25.70, March 25.90-26.00, May ——.

‡Wheat—March 457-456½ (448½), May 461½-461 (456), July 464½-465, Sept. 475, Dec. 492-491, March 507½.

WINNIPEG, January 28. §Barley—March 114.30 (114.80), May 115.80 (115.20), July 114.00, Oct. 109.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 238.05 (236.35).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, January 28.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $196, March $200. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $198, March $200. U.S. No. 2 Northern Spring, 14 per cent, Feb. $208.50, March $210, April-May $200, May-June $200, June-July $201, July-Aug. $204.

Maize—U.S. No. 3 Corn Yellow afloat $129, Jan. $127, Feb. $126.50, March $130, April-June $138, July-Sept. $142, Oct.-Dec. $149 sellers, Feb. $128.50 traded.

Soyabeans—U.S. Two Yellow Gulfports Feb. $267.25, March $271, April $276.50, May $279, June $284.60, July $287.50, Aug. $290.50, Sept. $293, Oct.-Nov. $295, Dec. $300, Jan. $305. Brazil Yellow Faq. unquoted. Argentine May $276. Soyameal—44 per cent protein U.S. afloat $250, Jan. $249, Feb. $245, March $244, April-Sept. $245.00. Brazil Pellets April-May $247, April-Sept. $251.

PARIS, January 28.

Cocoa (FFr per 100 kilos)—March 1330-39, May 1325-35, July 1330, Sept. 1340, Dec. 1340, March 1365-1400. Sales at call 1.

Sugar (FFr per 100 kilos)—March 1845-70, May 1908-10, July 1905-25, Aug. 1925-32, Oct. 1935-55, Nov. 1930-55, Dec. 1950-70, March 1955-80. Sales at call 50.

## INDICES

### FINANCIAL TIMES

| Jan. 25 | Jan. 24 | M'nth ago | Year ago |
|---|---|---|---|
| 302.95 | 302.58 | 301.09 | 263.75 |

(Base: July 1, 1952=100)

### MOODY'S

| Jan. 25 | Jan. 24 | M'nth ago | Year ago |
|---|---|---|---|
| 1415.5 | 1425.9 | 1299.8 | 995.6 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Jan. 25 | Jan. 24 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 434.54 | 439.62 | 491.83 | 373.17 |
| F'tur's | 441.45 | 444.11 | 426.69 | 368.78 |

(Average 1924-25-26=100)

### REUTERS

| Jan. 28 | Jan. 25 | M'nth ago | Year ago |
|---|---|---|---|
| 1789.1 | 1785.1 | 1701.2 | 1503.5 |

(Base: September 18, 1931=100)

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## LOCAL AUTHORITY BOND TABLE

| Authority (telephone number in parentheses) | Annual gross interest | Interest payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Adur (079-176 1591) | 14¼ | ½-year | 1,000 | 2-3 |
| Barnsley (0226 203232) | 14¼ | ½-year | 1,000 | 2 |
| Knowsley (051-548 6555) | 14¼ | ½-year | 1,000 | 1 |
| Redbridge (01-478 3020) | 13¾ | ½-year | 200 | 5-6 |

# Equities derive some encouragement from steel moves

# Gilts still digesting recent heavy stock purchases

**Account Dealing Dates**

**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Jan. 14 | Jan. 24 | Jan. 25 | Feb. 4 |
| Jan. 28 | Feb. 7 | Feb. 8 | Feb. 18 |
| Feb. 11 | Feb. 21 | Feb. 22 | Mar. 3 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Drawing encouragement from progress over the weekend in talks with seven craft unions and two general unions in the steel dispute, equity markets began a new trading Account with an extension of the firm trend which had characterised Friday's late trade. Business overall was inhibited by the absence from the talks of the two main steel unions and by the situation in the water industry.

Leading shares moved a few pence higher at the outset but investment enthusiasm cooled after about an hour and it was left to individual sectors to provide the features. Secondary Oils were outstanding on continued speculative buying, but comment about increased competition among food retailers exerted pressure on stocks such as J. Sainsbury, Associated Dairies, Tesco and Kwik Save which sustained losses ranging to 12p.

Owing to lack of follow-through buying, leading industrials generally drifted down from the best levels but held part of the gains in the absence of sellers. The FT 30-share index was showing a rise of 4.0 at the 11.00 am calculation, but it closed only 1.2 up at 453.6.

The market in Gilt-edged securities was still digesting recent heavy purchases, and reported doubts about the Government's strategy on public spending cuts made no noticeable impact on sentiment. Last week's newcomer Treasury 12¾ per cent "A" 2003-05 attracted a good deal of a much reduced business and eased further to close ⅜ off at £23¾ for the £25-paid stock. The short tap Exchequer 13½ per cent 1983 (£60-paid) also cheapened and settled ⅛ down at £59½; other losses in Gilts were usually limited to ¼.

The latest fall in bullion prices caused dealers to mark down South African Gold shares, but little selling ensued and the market held steady at the lower level. Losses among heavyweight stocks ranged to about a point and the FT Gold Mines index gave up its previous two-day rise to end 13.7 down at 311.2.

Traded options attracted a total of 619 contracts. This compares with Friday's 867 and last week's daily average of 1,306. Mining issues were again well to the fore with RTZ attracting 180 deals and Cons. Gold Fields 90.

The major clearing banks began the new Account on a quietly firm note. Renewed support ahead of the forthcoming dividend season left improvements ranging to 6 as in Lloyds, at 308p. Suggestions that the recent sale of its shareholdings in Standard Chartered and Sedgwick Forbes could lead to the bank making a fresh American bid left Midland 5 to the good at 360p. Irish issues made progress with Bank of Ireland up 7 higher at 337p and Allied a few pence up at 115p. Bank Leumi (UK) added 10 to 110p ahead of tomorrow's preliminary results. In merchant banks, Antony Gibbs rose 6 to 80p on hopes of early news of the Hong Kong and Shanghai bid approach; the latter gained 4 to 193p.

Comment on the Marsh and McLennan bid situation promoted a gain of 4 to 145p in Bowring. Elsewhere in Lloyds brokers, Sedgwick Forbes eased a couple of pence to 96p, the level at which Midland Bank successfully placed its remaining 10.46 per cent stake with various institutionals last Friday. Despite the increased deficit and dividend omission, Brentnall Beard closed unaltered at 12p.

Wines and Spirits attracted a useful two-way business. Highland, still unsettled by Friday's surprise news that the Hiram Walker offer is to be referred to the Monopolies Commission, eased a further penny to 121p, while thoughts that any further offers in the sector would be curtailed in a similar manner left Arthur Bell 5 cheaper at 181p. Breweries held steady Friday's closing levels following a subdued day's trading but, after last week's fall of 7 on adverse comment, Allied fell 2 more to 75p. Davenports' added 3 to 157p ahead of today's annual meeting.

In Buildings, buying in a thin market ahead of today's annual results lifted IDC 6 to 138p. Tysons (Contractors) added 4 to 22p on the sale of Victoria Buildings in Liverpool for £1.66m, but SGB shed 5 to 232p on lack of interest. Baggeridge Brick met profit-taking and, at 48p, gave up 3 of its recent speculative rise, while London Brick, a penny firmer at one stage, settled ½ cheaper on balance at 67½p as interest petered out. Among housebuilders, Barratt Developments benefited from Press comment and added 2 to 117p, while Gough Cooper firmed 4½ to 74p xd, also following an investment recommendation.

ICI encountered modest support and improved 5 to 380p, but Fisons eased 2 to 287p. Among other Chemicals, Ellis and Everard responded to the better-than-expected interim statement with a gain of 12 to 134p, while Bernard Wardle put on 3½ to 28½p on revived takeover rumours.

Mothercare stood out in Stores with a Press-inspired rise of 6 to 214p. Martin the Newsagent found support and ended a similar amount higher at 198p while Rosgill rose 3 to 28p on demand ahead of today's interim results. A dull market recently on adverse comment, Foster Bros. relinquished 3 afresh to 83p, while Helene of London came on offer with the ordinary easing 2 to 23p and the 12 per cent Convertible shedding 15 to 225p. Following the enfranchisement of the "A" shares, Burton old and new closed at the common level of 118p after the compensatory scrip-issues.

Still reflecting poor annual results, Muirhead met fresh selling and reacted 8 more to 193p xd. Elsewhere in the Electrical sector, Automated Security provided one of the few noteworthy movements with a gain of 7 to 240p. Favourable Press mention stimulated buying in AF Bulgin which firmed 3 to 32p, while Audiotronic at 7, rallied a penny after last Friday's fall of 2 which followed the half-yearly statement. Among the leaders, GEC were on offer at 353p, down 6, while Thorn eased 4 to 304p. Racal, however, firmed 5 more to 231p helped by comment on its bid for Decca; the latter's ordinary improved 15 to 375p and the "A" 10 to 335p in sympathy.

Vickers met revived demand and put on 4 to 128p, but interest in other Engineering leaders was at a low ebb. Elsewhere, ML Holdings were particularly firm at 240p, up 10, awaiting interim results due on Friday. Butterfield Harvey encountered support and put on 2½ to 43½p, while investment demand lifted Serck 6 to 46p. Midland Industries Newsweer also wanted and put on 4 to 86p along with Mining Supplies, 3 to the good at 84p, and T. W. Ward, 3½ higher at 86p. Yarrow improved 10 to 340p in a limited market.

Associated Dairies' announcement of price cuts and the implications for an intensified price war and a consequent squeeze on profit margins made for particularly dull conditions among Food Retailers. Standing 6 up prior to the announcement, Associated Dairies turned down sharply to end a net 10 lower at 178p. Competitors J. Sainsbury dropped 12 to 298p, after 296p, and Tesco eased 2½ to 68p, after 67½p, while Kwik Save dipped 5 to 113p, after 112p. Hillards, in a thin market, also gave up 5, to 165p, while William Morrison relinquished 2 to 158p. Among other Foods, Tate and Lyle attracted buyers and improved 4 to 174p. Speculative interest was again shown in Barker and Dobson which added 2 to 31p, while P. Panto firmed 3 to 26p in belated response to Press comment. Sumpertex were notable for a gain of 6 at 108p. The announcement that Singlo had disposed of its Indian tea interests to Caparo for £1.5m made no impression on the former's share price which held at 16p.

Secondary issues provided the main points in miscellaneous industrials on the first day of a new Account. The highlight was provided by Channel Tunnel which jumped 47 to 145p, after 150p, in response to a Press report that the Government is on the verge of approving the building of a £700m tunnel. Speculative support was again forthcoming for Hamiltborne, and the close was 7 higher at 70p, while speculative buying on bid hopes left Gomme 4 better at 52p and Pauls and Whites 5 dearer at 124p. Demand of a similar nature lifted Aeronautical and General Instruments 12 to 224p, while improvements of 8 and 10 respectively were recorded in Syltone, 200p, and Applied Computers, 280p. A re-appraisal of the interim results helped J. and J. Dyson Ordinary add 7 to 54p and the A 6 to 53p, while renewed North Sea enthusiasm lifted Cawoods 6 to 158p. Investment support prompted a gain of 10 to 146p in Vinten, while Letraset added 3 to 141p xd following Press comment. Adverse comment, however, clipped 4 from Macarthys Pharmaceuticals at 100p, while Sothebys, at 462p, lost 8 of its recent strong advance on profit-taking. The leaders gained ground in places but business was small. Bowater advanced 4 to 166p and Reed International improved 3 to 193p; the latter's third-quarter figures are due today.

In Motor Distributors, the recent bid denial failed to stem speculative buying in Appleyard which closed 4 up at 83p. Caffyns added 3 to 146p for a similar reason.

Although Properties had a generally firm appearance, interest centred mainly on selected secondary issues. Buyers became attracted to Centrovincial which put on 8 to 124p, while Mountview Estates and London and Provincial Shop added 4 to 110p and 264p respectively. The increased interim revenue prompted a gain of 2 to 39p in Country and New Town. Corn Exchange revived with a gain of 6 to 297p, while Bradford firmed 5 to 155p. Estates Property Investment hardened a penny to 137p on the interim statement.

Oil shares closed with further widespread and substantial gains after another extremely active day's trading. A little more business developed in the leaders, but the bulk of the trade was again concentrated on secondary issues. Burmah pushed ahead strongly to close 13 higher at 191p, while demand persisted for Siebens (UK) which advanced 44 more to 694p. Sceptre jumped 60 to 490p and rises of 20 were recorded in CCP North Sea, 325p, Cluff, 460p, and Gas and Oil Acreage, 430p. Ultramar improved 14 to 448p. Among the leaders, British Petroleum settled a few pence below the best at 342p, up 6, while Shell ended a similar amount up at 350p, after 352p.

Overseas Traders continued to attract support. Sime Darby and James Finlay both added 5 to the common level of 88p.

After an initial mark-down in the wake of the lower bullion price, South African Golds came under little pressure either way until the late after-hours' trade when small-scale London buying interest was reported.

This buying took prices off their lows but falls at the close were still fairly sizeable. The Gold Mines index sustained a los of 13.7 to 311.2.

Among heavyweight Golds, Vaal Reefs dropped £1⅛ to £27¼, ex-dividend, while losses of around ½ were commons to East Driefontein, £11, Kloof, £12¼, and Western Deep, £16¼.

Medium and lower-priced issues showed Libanon 51 off at 872p, Doornfontein 41 cheaper at 574p and the marginals Bracken and Marievale down 21 at 172p and 159p respectively.

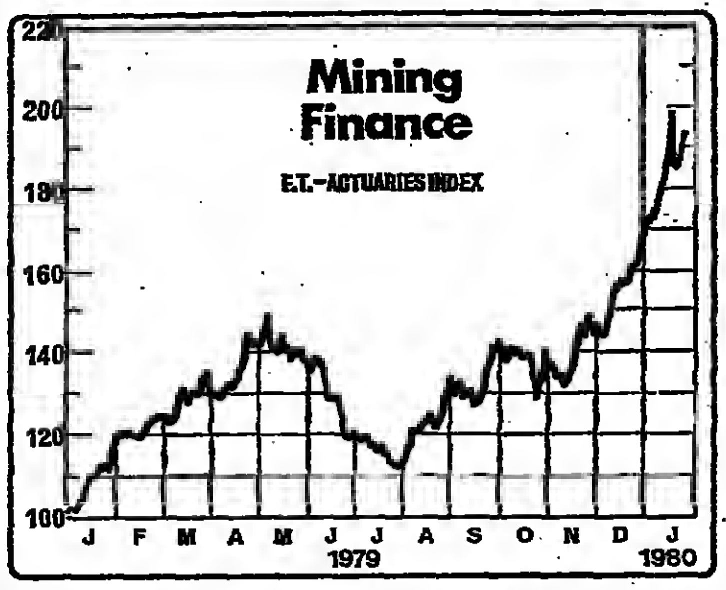
South African Financials followed the trend in Golds. Anglo American Corporation gave up 30 to 580p, "Amgold" ¾ to £38 and Gold Fields of South Africa ⅜ to £31, the last-named despite the almost doubled dividend and sharply increased profits announced late on Friday.

Although much quieter than recently, London Financials still encountered a brisk two-way trade. Rio Tinto-Zinc rose 4 more to 406p reflecting the buoyant copper price, while Selection Trust added 10 to 680p. Gold Fields, on the other hand, dipped 5 to 447p on profit-taking.

Platinums rallied strongly after an uncertain start; Impala closed 4 firmer on balance at 284p, after 270p, while Rustenburg showed a net gain of 3 at 273p, after 265p.

Australians moved further ahead despite the absence of any lead from overnight Sydney and Melbourne markets which were closed for Australia Day.

Western Mining, 7 up at 239p, attracted good institutional buying on further consideration of the latest drilling report from the Olympic Dam prospect, while renewed heavy speculative interest lifted Mount Lyell a further 14 to 134p.




## FINANCIAL TIMES STOCK INDICES

[illegible]

## HIGHS AND LOWS

| | 1979/80 High | 1979/80 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 75.91 (4/6) | 63.30 (10/12) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 77.76 (5/6) | 64.06 (15/11) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 558.6 (4/5) | 406.5 (15/11) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 360.4 (18/1/80) | 129.9 (17/4) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

[illegible]

## NEW HIGHS AND LOWS FOR 1979/80

[illegible]

## LONDON TRADED OPTIONS

[illegible]

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

## FIXED INTEREST PRICE INDICES

[illegible]

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1979-80 high | 1979-80 low |
|---|---|---|---|---|---|---|
| RTZ | 25p | 12 | 406 | + 4 | 410 | 226 |
| Burmah Oil | £1 | 11 | 191 | +13 | 197 | 82 |
| BP 'New' | 25p | 9 | 137 | + 2 | 182 | 128 |
| GEC | 25p | 9 | 353 | − 6 | 456 | 311 |
| Premier Cons. | 5p | 9 | 65½ | + 3 | 65½ | 13 |
| Shell Transport | 25p | 9 | 350 | + 6 | 402 | 278 |
| Cons. Gold Fields | 25p | 8 | 447 | − 5 | 482 | 178 |
| Racal Electronics | 25p | 8 | 231 | + 5 | 276 | 168½ |
| European Ferries | 25p | 7 | 109 | − ½ | 183 | 92 |
| KCA Intl. | 25p | 7 | 60 | + 5 | 60 | 28 |
| LASMO | 25p | 7 | 412 | + 7 | 412 | 124 |
| Tesco Stores | 5p | 7 | 68 | − 2½ | 82 | 51½ |
| Assoc. Dairies | 25p | 6 | 178 | −10 | 204 | 126 |
| Brown (John) | 25p | 6 | 57 | − 1 | 123 | 50 |
| ICI | £1 | 6 | 380 | + 5 | 415 | 314 |

## OPTIONS

**DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Jan. 21 | Feb. 1 | Apr. 24 | May 6 |
| Feb. 4 | Feb. 15 | May 8 | May 19 |
| Feb. 18 | Feb. 29 | May 9 | Jun. 9 |

For rate indications see end of Share Information Service

In a quiet trade, call options were dealt in Burmah, Ultramar, Premier Oil, Muirhead, Dundonian, Lonrho, New Throgmorton Warrants, FNFC, Town and City, Britannia Arrow, Greencoat Properties and Armour Trust. No puts were reported, but doubles were arranged in Woodside, New Throgmorton Warrants, BP and GEC.

## RISES AND FALLS YESTERDAY

[illegible]

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Amer. Gth. Tst. | [illegible] | 57.7 | — | 1.95 |
| Abbey Capital | [illegible] | [illegible] | +0.2 | 5.72 |
| Abbey General | [illegible] | [illegible] | — | 5.96 |
| Abbey Gilt & F.I. Tst. | 101.3 | 107.6 | — | 4.63 |
| Abbey Income | [illegible] | [illegible] | — | 8.49 |
| Abbey Intl. Bd. Tst. | [illegible] | [illegible] | +0.4 | 2.57 |
| Abbey Inv. Tst. Fnd. | [illegible] | [illegible] | — | 6.13 |
| Equitas Prog. Trust | 67.9 | 73.4 | — | 5.08 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref. | 92.3 | 96.2 | — | 13.11 |

**Allied Hambro Group (a)(g)**
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

**Balanced Funds**

| | | | | |
|---|---|---|---|---|
| Allied 1st | 75.0 | 80.3 | +0.8 | 5.98 |
| Brit. Inds. Fund | [illegible] | 73.1 | +0.9 | 6.16 |
| Growth & Income | [illegible] | 43.1 | +0.5 | [illegible] |
| Elect. & Ind. Dev. | [illegible] | [illegible] | +0.3 | [illegible] |
| Allied Capital | [illegible] | [illegible] | +0.8 | [illegible] |
| Hambro Fund | 115.3 | 122.5 | +1.2 | [illegible] |
| Hambro Acc. Fund | 140.4 | 151.3 | +1.4 | 5.32 |

**Income Funds**

| | | | | |
|---|---|---|---|---|
| High Yield Fd. | 69.4 | 74.3 | +0.1 | 9.60 |
| High Income | [illegible] | 73.5 | +0.7 | 7.96 |
| A.H. Eq. Inc. | [illegible] | 42.4 | +0.5 | 8.28 |

**International Funds**

| | | | | |
|---|---|---|---|---|
| International | 28.6 | 30.6 | +0.2 | 2.62 |
| Pacific Fund | 44.3 | 47.4 | +0.3 | 2.61 |
| Secs. of America | 60.2 | 64.4 | — | 2.17 |

**Specialist Funds**

| | | | | |
|---|---|---|---|---|
| Smaller Co.'s Fd. | 46.8 | 50.1 | +0.2 | 4.60 |
| 2nd Smlr. Co's Fd. | [illegible] | [illegible] | +0.1 | 4.51 |
| Recovery Sits. | 112.6 | 120.5 | +1.0 | 6.43 |
| Met. Min. & C'dty. | [illegible] | [illegible] | +0.6 | 4.92 |
| Overseas Earnings | 57.3 | 61.3 | +0.5 | 5.55 |

[illegible]

**Discretionary Unit Fund Managers**
22 Blomfield St., EC2M 7AL. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Dis. Inc. Jan. 25 | 200.8 | 214.1 | — | 5.54 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 16.8 | 18.6 | — | 6.24 |
| Gt. Winchester O'seas | 19.4 | 21.0 | — | 2.52 |

**Emson & Dudley Tst. Mngmt. Ltd.**
20b Albemarle St., W1. 01-499 3211

| | | | | |
|---|---|---|---|---|
| Emson Dudley Tst. | 69.6 | 74.9 | — | 6.00 |

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 74.3 | 78.2 | +0.7 | 5.08 |

**Fidelity International Management Ltd.**
62-63, Queen St., London, EC4R 1AD. 01-248 4891

| | | | | |
|---|---|---|---|---|
| American | 26.9 | 28.4 | +0.3 | 7.0 |
| Fixed Interest | [illegible] | [illegible] | +0.1 | 12.6 |
| Growth + Income | 28.3 | [illegible] | — | 7.80 |
| Special Sits. | 28.2 | 29.7 | +0.2 | 3.08 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 26.4 | 28.9 | — | 2.20 |
| Accum. Units | [illegible] | [illegible] | — | 2.20 |
| J. Finlay High Income | 32.7 | [illegible] | — | 9.42 |
| J. Finlay Euro.Fin. | 23.2 | [illegible] | — | 3.25 |
| Accum. Units | 28.7 | [illegible] | — | 3.25 |
| J. Finlay Fd. In. Tst. | 30.9 | [illegible] | — | 5.76 |
| Accum. Units | 37.3 | 40.1 | — | 5.76 |

Prices on Jan. 23. Next dealing Jan. 30.

**Framlington Unit Mgt. Ltd. (a)**
64, London Wall, EC2M 5NQ. 01-628 5181

| | | | | |
|---|---|---|---|---|
| American | 54.0 | 57.4 | +1.6 | 1.27 |
| American Turnaround | 58.2 | [illegible] | +0.8 | 2.00 |
| Capital Tst. | [illegible] | [illegible] | +0.2 | 4.90 |
| (Accum. Units) | [illegible] | [illegible] | +0.2 | 4.90 |
| Income Tst. | [illegible] | [illegible] | +0.2 | 8.54 |
| Intl. Growth Fd. | 44.0 | 46.8 | +0.4 | 2.35 |
| (Accum. Units) | 46.6 | 49.4 | +0.4 | 2.35 |

**Friends' Provdt. Unit Tr. Mgrs.♥**
Pixham End, Dorking. 0306 5055

| | | | | |
|---|---|---|---|---|
| Friends Prov. Units | 48.8 | 52.1 | +0.6 | 4.89 |
| Do. Accum. | 67.2 | 71.8 | +0.8 | 4.89 |

**Funds in Court***
Public Trustee, Kingsway, WC2. 01-405 4300

| | | | | |
|---|---|---|---|---|
| Capital Jan. 27 | 111.0 | 113.7 | — | 5.10 |
| Gross Inc. Jan. 17 | 72.9 | 75.2 | — | 11.03 |

[illegible]

## INSURANCE PROPERTY BONDS

[illegible]

## OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

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# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1979-80 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99⅜ | 95⅞ | Treasury 9pc 1980‡‡ | 99⅞ | +⅛ | 9.06 | 14.87 |
| 99⅜ | 95½ | Treasury 9½pc '80‡‡ | 98⅞ | ...... | 9.68 | 16.20 |
| 97 | 92¼ | Treasury 3½pc '77-80 | 96½ | ...... | 3.63 | 13.15 |

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

| 1979-80 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 103¼ | 96 | FFI 13pc 1981 | 98 | ...... | 13.27 | 15.16 |
| 108¼ | 94 | Do. 14pc '83 | 96¼ | ...... | 14.54 | 15.27 |
| 86½ | 77½ | ICFC 5½pc Deb. '80-82 | 83½ | ...... | 6.74 | 14.83 |
| 85 | 69 | Do. 6¾pc Db. '81-84 | 74¾ | −¼ | 8.59 | 14.30 |
| 99 | 79½ | Do. 10½pc Uns.Ln. '86 | 86xd | ...... | 12.20 | 14.00 |
| 99 | 77 | Do. 11pc Uns.Ln. '88 | 85xd | ...... | 12.94 | 13.80 |
| 101½ | 80 | Do. 11¾pc Uns.Ln. '90 | 87½xd | ...... | 13.42 | 14.10 |
| 72½ | 54½ | Do. 7¼pcADeb. '89-92 | 60 | ...... | 12.37 | 14.30 |
| 69 | 51½ | Do. 7½pcA Db. '91-94 | 60½ | +½ | 12.59 | 14.20 |
| 71½ | 64 | Do. 9pc 'A' '91-94 | 71½ | +1 | 13.24 | 14.30 |
| 78½ | 61 | Do. 8¾pc Ln. '92-97 | 65xd | — | 13.65 | 14.20 |
| 102 | 85 | Do. 12½pc Uns. Ln. 1992 | 94½ | ...... | 13.76 | — |

## FOREIGN BONDS & RAILS

| 1979-80 High | Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 57 | 22 | Antofagasta Rly. | 57 | +1 | — | — |
| 52 | 37 | Do. 5pc Pref. | 50xd | ...... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ...... | — | 3.39 |
| 65 | 16 | Chinese 4½pc 1898 | 57 | ...... | — | — |
| 50 | 21 | Do. 5pc 1912 | 44 | ...... | — | — |
| 28 | 13 | Do. 5pc 1913 | 22 | ...... | — | — |
| 27 | 10 | Do. 5pc 1925 Boxer | 18 | +½ | — | — |
| 430 | 400 | German Yng. 4½pc. | 430xd | ...... | 4½ | — |
| 52 | 35 | Greek 7pc Ass. | 35 | ...... | 3½ | 10.52 |
| 51 | 34 | Do 6pc 28 Stab. Ass. | 35 | ...... | 6 | 10.88 |
| 42 | 32 | Do 4pc Mixed Ass. | 34 | ...... | 4 | 7.28 |
| 54 | 42 | Hung. '24 Ass | 53 | ...... | — | 5.33 |
| 68 | 55 | Iceland 6½pc '83-88 | 55 | ...... | — | 15.80 |
| 90½ | 78½ | Ireland 7¾pc '81-83 | 84xd | ...... | 7½ | 13.51 |
| 87½ | 69 | Do 9¾pc '91-96 | 79 | ...... | 9¾ | 13.52 |
| 390 | 215 | Japan 4pc '10 Ass | 215xd | −10 | | |

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[illegible]

### Sri Lanka

[illegible]

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

### FAR WEST RAND

[illegible]

### O.F.S.

[illegible]

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[illegible]

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[illegible]

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## MINES—Continued

### CENTRAL AFRICAN

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 430 | 97 | Coronation | 370 | −30 | Q54c | 2.2 | 8.4 |
| 673 | 132 | Falcon Rh.50c | 630 | −30 | Q100c | 1.7 | 10.9 |
| 48 | 11 | Rhod'n Corp. 16²⁄₃p | 41 | −2 | 0.56 | 6.5 | 2.0 |
| 267 | 70 | Roan Cons. K4 | 240 | −10 | Q0.125 | ♦ | 3.2 |
| 67 | 26 | Wankie Col. Rh.1 | 57 | −1 | Q9c | 1.5 | 10.9 |
| 57 | 9 | Zam.Cpr.SBD0.24 | 47 | −1 | — | — | — |

### AUSTRALIAN

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 28 | 16 | Acmex 50c | 23 | ...... | — | — | — |
| 18 | 4 | ACM 20c | 18 | +1 | — | — | — |
| 91 | 50 | Bond Corp. | 91 | ...... | Q3.75 | 2.2 | 2.1 |
| 173 | 100 | Bougainville 50 Toea | 169 | +1 | †Q19.8c | 1.6 | 5.8 |
| 265 | 84 | BH South 50c | 265 | ...... | ♦ | — | — |
| 12 | 12 | Canada Northwest | 12 | ...... | — | — | — |
| 26 | 8 | Carr Boyd 20c | 26 | ...... | — | — | — |
| £25 | 340 | Central Pacific | £23¼ | +¼ | — | — | — |
| 318 | 170 | Conzinc Riotinto 50c. | 286 | +1 | NQ10c | 2.0 | 1.8 |
| 36 | 14 | Cultus Pacific N.L. | 22 | ...... | — | — | — |
| *50 | 2½ | Eagle Corp. 10c | 58 | +8 | — | — | — |
| 23½ | 11 | Endeavour 20c | 23½ | +2 | — | — | — |
| 228 | 62 | G. M. Kalgoorlie 25c | 203 | −5 | Q3c | — | 0.8 |
| 305 | 148 | Hampton Areas 5p. | 305 | +20 | 3.5 | 2.8 | 1.6 |
| 75 | 20 | Haoma Gold N.L. | 35 | +5 | — | — | — |
| 71½ | 25 | Metals Ex. 50c | 71 | +1 | — | — | — |
| 304 | 134 | M.I.M. Hldgs. 50c | 295 | ...... | †Q16.1c | 1.8 | 2.8 |
| 25 | 15 | Minefields Expl. | 19 | +½ | — | — | — |
| 134 | 30 | Mount Lyell 25c | 134 | +14 | — | — | — |
| 44 | 13 | Newmetal 20c | 24 | −1 | — | — | — |
| 167 | 91 | ††North B. Hill 50c. | 161 | +2 | Q12c | 1.4 | 3.8 |
| 57 | 4½ | Nth. Kalgurli | 52 | +1 | — | — | — |
| 165 | 45 | Nth. Mining Corp. | 144 | ...... | — | — | — |
| 71 | 18 | N. West Mining N.L. | 26 | ...... | — | — | — |
| 193 | 76 | Oakbridge $A1 | 184 | ...... | Q12c | 4.7 | 3.4 |
| 112 | 22 | Otter N.L. | 97 | ...... | — | — | — |
| 136 | 58 | Pacific Copper | 136 | +6 | — | — | — |
| *575 | 125 | Pancont'l 25c | 405 | ...... | — | — | — |
| *62 | 2 | Paringa M&Ex.5p | 55 | ...... | — | — | — |
| 450 | 248½ | Peko-Wallsend 50c. | 440 | ...... | †Q17.5c | ♦ | 2.1 |
| 217 | 125 | Selfrust A | 200 | +8 | — | — | — |
| 900 | 145 | Southern Pacific | 845 | +25 | — | — | — |
| *62 | 8½ | Swan Resources 20c. | 60 | ...... | — | — | — |
| 16 | 12 | West Coast 25c | 13 | ...... | — | — | — |
| 239 | 121 | West'n. Mining 50c. | 239 | +7 | Q7c | 1.6 | 1.6 |
| 28 | 8 | Westmex | 20 | ...... | — | — | — |
| 94 | 40 | Whim Creek 20c | 90 | +8 | — | — | — |
| 25 | 10½ | York Resources | 15½ | ...... | — | — | — |

### TINS

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30 | 23 | Amal. Nigeria | 27xd | ...... | 1.0 | 1.9 | 5.3 |
| 435 | 265 | Ayer Hitam $M1 | 295 | ...... | Q290c | 0.9 | 20.0 |
| 72 | 48 | Beralt Tin | 64 | +1 | 4.5 | ♦ | 9.7 |
| 270 | 149½ | Berjuntai $M1 | 150xd | ...... | ‡Q95c | 1.6 | ‡ |
| 190 | 125 | Geevor | 160 | ...... | 8.71 | 5.1 | 7.8 |
| 11 | 8 | Gold & Base 12½p | 11 | ...... | — | — | — |
| 365 | 295 | Gopeng Cons. | 335xd | +3 | 25.0 | ♦ | 10.7 |
| 370 | 259 | Hongkong | 300 | ...... | 35.87 | ♦ | 17.1 |
| 98 | 64 | Idris 10p | 93xd | +1 | †8.0 | 1.6 | 12.3 |
| 15 | 9½ | Jantar 12½p | 14 | ...... | — | — | — |
| 95 | 38 | Kamunting $M0.50 | 65 | ...... | Q47½c | 1.1 | 16.4 |
| 620 | 210 | Killinghall $M1 | 300 | ...... | Z60c | — | 4.1 |
| 565 | 365 | Malay Dredging $M1 | 560 | ...... | †Q105c | 2.6 | 3.8 |
| 57 | 26 | Pahang | 27 | ...... | 0.44 | 0.3 | 2.4 |
| 123 | 60 | Pengkalen 10p | 100xd | +2 | 6.0 | ♦ | 8.7 |
| 275 | 195 | Petaling $M1 | 235 | +5 | Q150c | ♦ | 13.0 |
| 87 | 53 | Saint Piran | 60 | ...... | ‡2.5 | 6.4 | ‡ |
| 58 | 34 | South Crofty 10p | 40 | +1 | ‡3.0 | 2.0 | ‡ |
| 230 | 170 | South Kinta $M0.50 | 200 | +5 | Q150c | 1.0 | 15.3 |
| 430 | 265 | Supreme Malayan $M1 | 360 | ...... | Q175c | 2.1 | 9.9 |
| 310 | 210 | Sungei Besi $M1 | 240 | ...... | †Q520c | 1.0 | 44.3 |
| 75 | 25 | Supreme Corp. $M1 | 35 | ...... | Z010c | — | 5.8 |
| 105 | 93 | Tanjong 15p | 100xd | +2½ | 7.5 | 0.7 | 11.0 |
| 115 | 90 | Tongkah H. Tin | 90 | ...... | Q45c | 1.3 | 11.2 |
| 280 | 190 | Tronoh $M1 | 230 | ...... | †Q25c | 5.2 | 2.2 |

### COPPER

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 190 | 56 | Messina R0.50 | 182 | +4 | Q10c | ♦ | 3.1 |

### MISCELLANEOUS

| 1979-80 High | Low | Stock | Price | + or − | Div. Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 81 | 54 | Barymin | 64 | ...... | — | — | — |
| 14½ | 10 | Burma Mines 17½p | 13 | ...... | — | — | — |
| 460 | 170 | Cons. Murch. 10c. | 405 | −5 | Q100c | ♦ | 14.1 |
| 585 | 280 | Northgate C$1 | 515 | −5 | — | — | — |
| 410 | 226 | R.T.Z. | 406 | +4 | †11.5 | 3.4 | 4.0 |
| 31 | 12 | Robert Mines | 24 | +1 | — | — | — |
| 65 | 26 | Sabina Inds. C$1. | 38 | ...... | — | — | — |
| 880 | 470 | Tara Exptn. $1 | 530 | −20 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ● Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♦ Excluding a final dividend declaration.
- ✦ Regional price.
- ß No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

" Recent Issues " and " Rights " Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 27 | ...... |
| Bertam | 18 | +2 |
| Bdg'wtr Est. 50p | 365 | ...... |
| Clover Croft | 58 | ...... |
| Craig & Rose £1 | £10½ | ...... |
| Dyson (R. A.) A | 13 | +1 |
| Fife Forge | 39 | ...... |
| Finlay Pkg. 5p | 19 | ...... |
| Graig Ship. £1 | 950 | +25 |
| Higsons Brew | 79 | ...... |
| Holt (Jos) 25p | 255 | ...... |
| I.O.M. Stm. £1 | 180 | ...... |
| Pearce (C. H.) | 385 | ...... |
| Peel Mills | 34 | ...... |
| Sheff. Refrshmt | 98 | ...... |
| Sindall (Wm.) | 165 | ...... |

### IRISH

| | | |
|---|---|---|
| Conv 9% '80/82 | £86 | ...... |
| Nat. 9¼% 84/89 | £71¼ | −¾ |
| Fin 13% 97/02 | £85 | −⅞ |
| Alliance Gas | 66 | ...... |
| Arnott | 340 | ...... |
| Carroll (P.J.) | 53 | ...... |
| Clondalkin | 100 | +2 |
| Concrete Prods. | 85 | ...... |
| Heiton (Hldgs.) | 35 | ...... |
| Ins. Corp. | 200 | ...... |
| Irish Ropes | 66 | ...... |
| Jacob | 35 | ...... |
| T.M.G. | 135 | +10 |
| Unidare | 82 | ...... |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 8 | I.C.I. | 22 | Utd. Drapery | 9 |
| BOC Intl. | 6 | "Imps" | 7 | Vickers | 14 |
| B.S.R. | 5 | I.C.L. | 45 | Woolworths | 6½ |
| Babcock | 12 | Inveresk | 5 | **Property** | |
| Barclays Bank | 30 | Ladbroke | 15 | Brit. Land | 7 |
| Beecham | 13 | Legal & Gen | 14 | Cap. Counties | 9 |
| Blue Circle | 25 | Lex Service | 10 | Land Secs. | 25 |
| Boots | 17 | Lloyds Bank | 24 | MEPC | 17 |
| Bowaters | 16 | "Lofs" | 3½ | Peachey | 13 |
| B.A.T. | 25 | London Brick | 6 | Samuel Props. | 12 |
| Brown (J.) | 7 | Lucas Inds. | 20 | Town & City | 2 |
| Burton 'A' | 22 | "Mams" | 14 | **Oils** | |
| Cadburys | 5½ | Mrks & Spncr | 9 | Brit. Petroleum | 28 |
| Courtaulds | 8 | Midland Bank | 30 | Burmah Oil | 15 |
| Debenhams | 8 | N.E.I. | 5 | Charterhall | 6½ |
| Distillers | 21 | Nat. West. Bank | 32 | KCA | 6½ |
| Dunlop | 5½ | P & O Dfd. | 9 | Premier | 4½ |
| Eagle Star | 14 | Plessey | 10 | Shell | 28 |
| F.N.F.C. | 1½ | Racal Elect. | 20 | Tricentrol | 27 |
| Gen. Accident | 21 | R.H.M. | 4½ | Ultramar | 32 |
| Gen. Electric | 30 | Rank Org. | 18 | **Mines** | |
| Glaxo | 40 | Reed Intnl. | 17 | Charter Cons. | 18 |
| Grand Met. | 12 | Sears | 5½ | Cons. Gold | 40 |
| G.U.S. 'A' | 30 | Tesco | 7 | Lonrho | 9 |
| Guardian | 23 | Thorn | 23 | Rio T. Zinc | 35 |
| G.K.N. | 22 | Trust Houses | 14 | | |
| Hawker Sidd. | 16 | Tube Invest. | 27 | | |
| House of Fraser | 12 | Unilever | 40 | | |
| | | U.D.T. | 4 | | |

A selection of Options traded is given on the London Stock Exchange Report page

Tecalemit
to care for it
FLUID TRANSFER, CONTROL AND FILTRATION ● LUBRICATION SYSTEMS ● GARAGE EQUIPMENT ● COMBUSTION ENGINEERING

FINANCIAL TIMES

Tuesday January 29 1980

The new Vent-Axia ventilation unit for the home 150

# Sadat to expel Soviet envoys

BY ROGER MATTHEWS IN CAIRO

EGYPT is to expel about 40 Soviet diplomats and the remaining Russian technicians in the country in retaliation against the invasion of Afghanistan.

The threat posed by the Soviet Union to South East Asia and the Middle East was the dominant theme of a two-and-a-half-hour speech by President Anwar Sadat yesterday. He said the Soviet embassy staff would be cut to seven, the same number as Egypt has in Moscow.

He accused Saudi Arabia of failing to understand the Soviet threat, and he told all the Gulf States that the only guarantor of their stability was the U.S. Saudi Arabia and its ruling royal family were facing a crisis, yet they insisted in trying to play off Washington and Moscow against each other. They had also led the moves to isolate Egypt and starve its people through the Arab boycott.

While Islamic foreign ministers were meeting to try to decide their response to the Soviet invasion, Egypt had already acted, which again demonstrated, said Mr. Sadat, that it was the unquestioned leader of the Arab and Islamic world. Instead of "isolating Egypt, they were isolating themselves."

In spite of all the provocation and insults hurled at Egypt, Mr. Sadat said he was remaining patient. He denied that Egypt had frozen $2bn (£889.000) of deposits lodged by Saudi Arabia, Kuwait and Iraq at the central bank in 1978, but admitted that no interest was being paid.

Attempts by these countries to have Egypt declared bankrupt and frighten off other investors had failed and "tens of billions of dollars were flowing into Egypt," he said ...

Libya, Iraq, South Yemen, Syria and Jordan were all subjected to the predictable attacks of Mr. Sadat, but his fiercest words were saved for Ayatollah Khomeini, the Iranian religious leader, who he said was embarrassing Islam with his bloodletting, mad vengeance, concentration camps, secret trials and holding of American hostages.

There was praise, however, for Israel, which Mr. Sadat said had been fulfilling its commitments under the Camp David accords and the peace treaty in an honourable way. The talks on Palestinian autonomy were continuing, and Mr. Sadat said if he was successful, the entire Arab world would share the benefit, while if he failed, he alone would take the full responsibility.

Egypt had not deviated from the aim of securing a comprehensive peace in the region, and Mr. Sadat repeated his assertion that 800m Islamic people would never accept Israeli sovereignty over Jerusalem.

Mr. Sol Linowitz, the U.S. Middle East envoy, later held talks with President Sadat in an effort to find a way through the stalemate over the Palestinian negotiations before flying on to Israel today. Officials here discounted any Israeli alarm over the decision to ask their diplomats not to arrive here before February 15.

This was 10 days before ambassadors were due to be exchanged, and coincided with the advanced date which Egypt has proposed for the start of negotiations over economic, trade and cultural agreements. It was further pointed out that President Sadat's speech should be an even more positive indication that Egypt intended to abide fully by its agreements and the general peace policy it has been following.

Soviets seek closer links with Syria, Page 3

# South Wales crippled by strike

By Robin Reeves, Welsh Correspondent

COAL FIELDS, railways, docks and many bus services in South Wales were paralysed yesterday by a one-day strike which the Wales TUC claimed was being supported in various ways by up to 250,000 Welsh trade unionists.

The 24-hour "day of action" was called by the Wales TUC as a protest against the threatened rapid run-down of the steel and coal industries in South Wales. Its focal point was a march through the centre of Cardiff to a rally at an overflowing Sophia Gardens pavilion, in which soma 15,000 people from many unions participated.

Visibly moved by the tumultuous reception he received at the rally, Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said the protest was the starting point for a "revolution" against a reactionary government's policies, which threatened to destroy industry in Wales and cripple the nation.

"We have seen today, a degree of solidarity that has never been seen before in this country," he said. "It is a starting point that the TUC has to take up."

Mr. Sirs wondered aloud whether present Government policies might lead to a general strike.

Mr. Lawrence Daly, general secretary of the National Union of Mineworkers, also saw the beginning of a major confrontation between the Government and the trade unions.

The Government, he said, had declared a general offensive against the trade union movement. "We have got to ensure our forces are sufficiently united to give the people of this country, either in 1980 or 1981, the opportunity to turn out the worst Conservative administration we have ever had."

Mr. Michael Foot, deputy leader of the Labour Party and MP for Ebbw Vale, told the rally that no Government in history had ever been given more warning. If it proceeded with its present policies it would provoke a clash of the first order.

He accused Lord Denning, who in the Appeal Court on Saturday ruled that ISTC plans to extend the current steel strike to the privatte sector of the industr ywere unlawful, of behaving like a referee who had taken it upon himself to change the rules.

# THE LEX COLUMN

# U.S. bonds hit by inflation fears

The relative firmness of the dollar over the last few days has been in striking contrast to the sorry disarray of the U.S. bond market. After showing some steadiness at a time when short money market rates were volatile, long bond prices have suddenly cracked as the peak of the present inflation cycle seems to have been postponed once again. The recession, which far-sighted economists were forecasting as long ago as 1977, has yet to arrive.

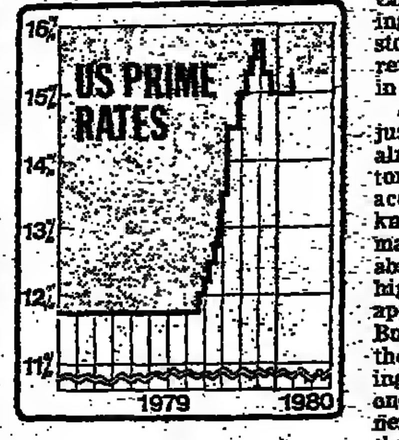
One problem is that the monetary aggregates have been giving some very confusing signals. Despite some recent acceleration, the growth of M1 and M2 has been more or less satisfactory, but these saries are distorted by disintermediation on a scale that dwarfs the acceptance leak in London. The monetary base has been growing much more quickly, and the reserves of the banking system, which are under the control of the Fed, faster still. Even on the assumption that the Fed is expecting a sharp decline in economic activity and is tailoring its policies accordingly, the growth of the reserve base seems inconsistent with the intention of reducing tha availability of credit.

On top of this, the new bond market scare—that high defence spending will postpone the economic downturn indefinitely—proved to be the last straw. Major institutional holders of long bond portfolios seem to be waiting for a substantially higher yield level to emerge before committing funds again.

Yet the plans for the 1981 U.S. Budget ought to calm the market's more extreme fears. The 1981 deficit, incorporating higher expenditure on defence, has been set at $16bn compared with nearly $40bn in the current fiscal year. It may be that it has been aimed so low in order to allow room for tax cuts as the elections draw nearer. But even so, the attempt by a U.S. administration to rednce the deficit as the economy enters recession suggests a genuine change in official attitudes.

To some extent the dollar's stronger performance reflects high short-term interest rates and the improving U.S. trade position; for once, though, foreign dollar holders seem more optimistic about U.S. inflation than the domestic markets. The bond market's swing from being complacent to being demoralised may indeed have been exaggerated. But there is a real chance that the delayed downturn in the economy, when it does at last arrive, will turn into no more than a severe bout of stagflation—so far the evidence that inflationary pressures may be slackening has been even less convincing than the tenuous signs of slower growth.

**Index rose 1.2 to 453.6**




## Food retailers

The price cuts announced by Asda yesterday have bearish implications for the food-retailing sector. Obviously there is a large measure of public relations in th emove, especially at a time when the company is moving further South with its new stores, and its big competitors (in public, at least) have dismissed the news with a carefree laugh. But there is no room for a change in sentiment in a stock market sector which has been so firm for so long—food retailers formed the best performing industrial group in 1979. The assumptions on which these gains were based have now been challenged.

Although the major companies have maintained the competitive pressure which started with Tesco's price cutting campaign in 1977, the screws have not been tightened in the last year or so. And there had been some thought that gross margins might be allowed to rise a little later this year ni response to what could turn into an unpleasant costs squeeze. Food prices are currently rising at an annual rate of 12-15 per cent, which is well behind general retail price inflation—17 per cent and rising. To make things worse, the food retailers have settled for wage increases which will push payroll costs np at an annnal rate of about 25 per cent between Spring and Antumn this year. High interest rates are not the bonus they were now that the companies are beginning to spend more on new stores than they are generating out of cash flow. And there is at least a possibility that the Chancellor might be considering changes in the system of stock relief from which the retailers have gained so much in recent years.

Asda which claims with some justification that its prices are already lower than its competitors', is making cuts which, according to some estimates, knock half a point ff its gross margin. This will not affect its ability to ride through 1980 with higher profits, and the same applies to Tesco and Sainsbury. But on current spending plans the food retailers will be building the equivalent of roughly one new Tesco chain within the next three years. With little in the way of overall volume growth, it looks as though there is a hard slog still to come.

## Oil prices

Yesterday's rise of $2 a barrel in Saudi Arabian Light marker crude to $26 a barrel, backdated to January 1, is a belated adjustment by the Saudis and bears no relation to the current depressed state of the world oil market. The mild winter on both sides of tha Atlantic has led to a pile-up of stocks, and a sharp decline in the spot premium from the peaks touched in November and early December. The spot market incrude has shifted from f.o.b. tha Gulf to c.i.f. somewhere much nearer voyage's end—at present, more likely the Caribbean than brimful Rotterdam.

It is rumoured that Arabian Light will be raised further to $27.60 a barrel on April 1, which should put a solid floor under crude prices, but could still leave some rival crudes looking a trifle expensive. Elsewhere the scene is set for a sharp contraction of margins at the downstream end of the market, where conditions could soon resemble those of 1978 rather than 1979.

At least the unwinding of the Saudi discount will remove the advantages of the Aramco partners—which has been showing up in the final quarter figures of the U.S. majors—and take some of the pressure off gronps like Shell. Meanwhila the production oriented companies will by and large hold on to their higher prices and, as a note from brokers Kitcat and Aitken points out, the Middle East remains unstabla enough to give shares like LASMO a distinct hedge value.

# Kitson quits Labour inquiry

By Richard Evans, Lobby Editor

MR. ALEX KITSON, a leading official of the Transport and General Workers' Union and this year's vice chairman of the Labour Party, has resigned from the commission of inquiry into the party.

The resignation, announced yesterday in a letter to Mr. Ron Hayward, general secretary of the Labour Party, adds another twist to the internal party struggle over the setting np of the inquiry which could change the future direction of the Labour Party.

Mr. Kitson's reason for resigning just as the commission is at last about to start work, is that as deputy general secretary-designate of the TGWU, he will be responsible for drawing up the union's evidence to the commission.

But the belief among many Labour MPs was that Mr. Kitson, a hardline Left-winger, had hen effectively "nobbled" by th efive trade union members of the commission, who include Mr. Moss Evans, Mr. Kitson's boss at the TGWU.

The union contingent has been increasingly uneasy about the commission's Left-wiog bias and the trouble this has caused.

The resignation will be reported to the next meeting of the NEC on February 7, the day before the commission starts its work. It will be np to the executive to decide whether to leave the commissioo one member short or to replace Mr. Kitson. In either event, there will still be a Left-wing majority.

# PLA may have to switch jobs from London docks

BY GARETH GRIFFITHS AND WILLIAM HALL

THE FINANCIALLY crippled Port of London Authority has warned that without a sharp improvement in working practices and implementation of the planned manpower reductions it will have to transfer its operations out of the Indian and Millwall Docks.

Last month, the Government announced that it had set a strict financial limit on assistance to the PLA—which is technically insolvent. The PLA is pursuing a five-year plant for recovery, but its short-term plan for 1979-80 is running badly behind scheduled. As a result, the PLA could soon breach the Government'a cash limits.

Planned manpower reduction is running ronghly 25 per cent behind schedule. Very little progress has been made towards tha improved working practices agreed between the PLA and the trades unions under the 1979-80 Trade and Manpower Target Plan.

In addition, the PLA's financial plight has been accentuated by unofficial disputes, the depressed economy, high financing charges and the Government's refusal to countenance capital reconstruction by the PLA.

In a statement yesterday the PLA board said it would make a final effort to see whether the planned improvements could be achieved by the end of June. However, it said a contingency plan is being drawn up in case of failure.

The PLA has decided that unless it can get its short-term plan back on schedule very quickly, it will be forced to start transferring its operations at India and Millwall Docks to either the Royal or Tilbury Docks.

In 1978, the PLA proposed the transfer of work from the Royal Docks to India and Millwall but this was vetoed by the Government. The PLA said the reason that it now wanted to transfer out of India and Millwall to the Royal Docks was that it could be done much more quickly and cheaply.

The PLA added that it regretted the Government decision not to introduce a capital reconstruction at this stage. It believed such a reconstruction would be necessary.

PLA officials hopa that yesterday's statement will have a strong impact on the mood at pay talks today with the two dockers' unions. The Transport and General Workers' Union has tabled a claim worth between 35 and 40 per cent and the smaller National Amalgamated Stevedores and Dockers Union a 30 per cent claim.

Work at the enclosed docks has been hit by a series of unofficial industrial disputes connected with the claims. Yesterday about 800 tally clerks went on a 24-hour lightning strike, bringing work to a standstill and affecting 13 vessels.

Two unofficial strikes have been staged by the TGWU and the employers are faced with a "potentially disastrous" official strike by the 1,000 NASDU members in the enclosed docks. NASDU has given the London enclosed docks employers a February 11 deadline to improve substantially its pay proposals or face an indefinite all-out strike.

The PLA dominates the employers association and it will determine the general level of settlement. The employers met on Friday to consider their position over the pay deal and have said there is little room for manoeuvre.

At present the offer is 10 per cent new money and a further 2 per cent in return for manpower cuts of 500. The settlement would be backdated to January 1. Pay settlements at other ports are running at about 15 per cent.

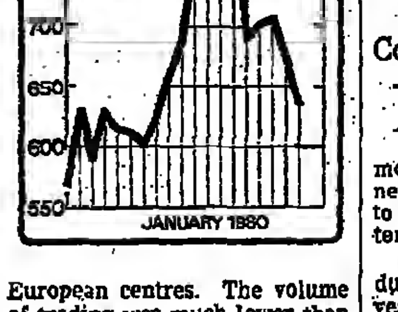
# Gold price falls on U.S. selling

By Peter Riddell, Economics Correspondent

THE PRICE of gold continued to fall yesterday, though trading was much less hectic than last week.

In London the price per ounce dropped by $35 to $635—$[illegible] less than tha peak of a week ago.

The further weakness followed falls late on Friday and reflected profit-taking, particularly from the U.S. But there was continued buying interest in




European centres. The volume of trading was much lower than recently.

However, the price fluctuated sharply during the day within a range of $640 and $610. After the European close prices of about $625 were reported.

The foreign exchange markets were relatively quiet, though the dollar was generally firmer and sterling weaker than in the last few days.

Sterling ended 1.55 cents down sgainst the dollar to $2.2485, while its trade-weighted index, measuring its value against a basket of other currencies, dropped 0.3 to 71.6.

Commodities and agriculture Page 27

# Motor industry imports top exports for first time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S BALANCE of payments in motor products went into the red for the first tima in 1979. A surplus of exports over imports of £763m in 1978 turned into a £287m deficit last year.

The Society of Motor Manufacturers and Traders yesterday released figures showing that motor industry exports rose only 5 per cent on the 1978 level to £4.05bn last year.

Imports jumped 40 per cent to £4.34bn.

The major factor in the turnround was a 12 per cent fall in car exports from £924m to £817m which contrasted with a 46 per cent rise in imports—from £1.77bn to £2.58bn.

The car assembly industry continued to be plagued by industrial disputes, inclnding the hauliers' and engineering workers' disputes.

This gave it problems in providing prodncts for a booming home market where new car registrations reached a record 1.71m. Ford, the market leader in the UK, went through tha year with relativaly few industrial problems but had started with little stock and a struggle to regain its market share after the prolonged strike in the autumn of 1978.

Iran was tha major market in 1978 so it was to be expected that its political upheavals would have an impact last year.

Talbot UK had been supplying about 100,000 car kets a year worth well over £100m for local assembly in Iran. This trade was first interrupted by the revolution and then, when shipments were due to resume, hyt a dispute lasting several weeks at Talbot.

Tre largest increase in car imports, is from "captive" imports from UK-based manufacturers who are assembling outside tha UK. Ford brought in 237,009 built-up cars from West Germany, Belgium and Spain. This represented 13.8 per cent of all the 1.71m cars registered in Britain last year and 48.8 per cent of all the Fords registered.

Talbot's imports also increased substantially last year, from 17,912 cars representing 16 per cent of its sales in 1978 to 36,361 cars or 30.4 per cent of sales.

BL's imports from Belgium rose from 15,689 to 16,751 cars and from4.19 per cent to 4.97 per cent of total sales.

Only Vauxhall, the General Motors subsidiary, imported fewer cars under its British badge last year. They dropped from 35,190 to 17,600, or from 26.8 per cent of sales to 15.7 per cent.

This was malanly because of a switch of Cavalier assembly from Belgium to the UK.

Apart from cars, all other motor prodncts showed favourable trade balances last year.

Commercial vehicle exports worth £619m compared with imports worth £373m; exports of motor components and accessories were valued at £1.913bn and imports were £1.149bn. Exports of other motor products were worth £702m and imports £234m.

Continued from Page 1

# Rubber

months of this year, although negotiations had reduced this to between £325 and £330 a tonne, ISR said.

Esso Chemical, which produces about 80,000 tonnea a year of butadiene and supplies roughly half ISR's annual needs of 100,000 tonnes, said its increase was in line with butadiene price risea throughout Europe.

It refused to give details of its price negotiations with ISR but said the increase it had requested was between 6 per cent and 7 per cent.

It added that U.S. butadiene prices for the first three months of this year were 11 per cent up on the final three months of 1979.

Esso shipped butadiene—produced at its plant at Fawley near Southampton—to the U.S., where it was sold at the prevailing market price. That Esso Chemical said, was broadly in line with the European price.

Esso Chemical said butadiene was normally made from naphtha, which in turn is produced from oil. The butadiene price had risen as a result of substantial increases in the cost of naphtha feedstocks.

ICI said it had had to pass on its own feedstock cost increases in the form of higher prices. It added that it had been supplying ISR for some 15 years at prices that had sometimes been more favourable than the general level in Europe.

The contract price of naphtha rose by about 25 per cent at the start of this year, moving from around $300 to $310 a tonne to $375 to $380 a tonne. At the time the major chemical producers warned that this would inevitably force them to raise their own product prices.

Continued from Page 1

# Steel strike

yesterday to hear their report of pay discussions on Sunday. But the improvements that BSC has offered have already been outlined to the ISTC and NUB, whose general secretaries have rejected them

Mr. Murray may, however, persuade Mr. Sirs and Mr. Hector Smith of the Blastfurnacemen to talk again

Yesterday the BSC wrote to Mr. Sirs, outlining its latest position.

The corporation is now arguing that its offer means that most workers should get an 18 per cent wage rise out of local and national increases, with some getting as mnch as 22 per cent.

Formally the offer stands at 8 per cent st national level in return for concessions and a minimum of 4 per cent from locally negotiated lump sum bonus achemes.

# Weather

**UK TODAY**

Rather cloudy, drizzle is likely near western coasts. Rain expected in North.

**London, S.E. England, East Anglia, C.S. England, Midland East, Midland West, Channel Islands**

Rather cloudy but mainly dry, some brighter interludes. Wind S.W. light. Mild—Max. 8C-10C (46F-50F).

**S.W. England, South Wales, N. Wales, N.W. England, Isle of Man, S.W. Scotland**

Rather cloudy, hill and coastal fog patches. Some coastal drizzle. Wind southwest light or moderate. Mild—Max. 7C-9C (45F-48F).

**Lake District, Glasgow area, Argyll, Ireland**

Mostly clondy, rain in places, hill-fog. Wind southwest light or moderate. Mild—Max. 7C-9C (45F-48F).

**Outlook:** Outbreaks of rain. Bright, dry periods also.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 12 | 54 | Locarno | S | 3 | 37 |
| Algiers | C | 19 | 66 | London | C | 4 | 39 |
| Amsdm. | C | 0 | 32 | Luxmbg. | C | −4 | 25 |
| Athens | S | 4 | 39 | Madrid | C | 10 | 50 |
| Bahrain | S | 19 | 66 | Majorca | C | 12 | 54 |
| Barcina. | C | 12 | 54 | Malaga | C | 17 | 63 |
| Belfast | Fg | 7 | 45 | M'chstr. | R | 3 | 37 |
| Belgrd. | C | −2 | 28 | Melbne. | C | 29 | 84 |
| Berlin | F | −5 | 23 | Mex. C. | S | 23 | 74 |
| Biarritz | S | 15 | 59 | Milan | C | 5 | 41 |
| Bmghm. | R | 4 | 39 | Montreal | S | −9 | 16 |
| Blackpl. | R | 3 | 37 | Moscow | S | −18 | −2 |
| Bordx. | S | 8 | 46 | Munich | F | −5 | 23 |
| Bristol | F | 7 | 45 | Nairobi | S | 23 | 73 |
| Brussels | C | 1 | 34 | Naples | S | 11 | 52 |
| B. Aires | S | 24 | 75 | Nwcstl. | C | 2 | 36 |
| Cairo | S | 18 | 64 | N. York | S | 2 | 36 |
| Cardiff | C | 6 | 43 | Nice | C | 11 | 52 |
| Cas'b'ca | S | 18 | 64 | Oporto | F | 16 | 61 |
| Cape T. | S | 23 | 73 | Oslo | C | −8 | 18 |
| Chicago | S | −15 | 8 | Paris | F | 3 | 37 |
| Cologne | C | −1 | 30 | Perth | C | 28 | 84 |
| Cpnhgn. | C | −1 | 30 | Prague | F | −5 | 23 |
| Corfu | S | 7 | 45 | Reyklvk. | C | 2 | 36 |
| Dublin | C | 10 | 50 | Rhodes | F | 9 | 48 |
| Ednbgh. | C | 1 | 34 | Rio J'o | C | 26 | 80 |
| Faro | C | 16 | 61 | Rome | S | 13 | 55 |
| Florence | S | 18 | 64 | Salzbrg. | F | −1 | 30 |
| Frankft. | C | −2 | 28 | Singapr. | S | 31 | 88 |
| Funchal | F | 19 | 66 | Stckhm. | F | −12 | 10 |
| Geneva | S | 1 | 34 | Strsbg. | F | −1 | 30 |
| Gibrltr. | C | 15 | 59 | Sydney | S | 27 | 81 |
| Glasgow | C | 2 | 36 | Tangier | F | 17 | 63 |
| G'rnsey | S | 4 | 39 | Tehran | S | 3 | 38 |
| Helsinki | S | −14 | 7 | Tel Aviv | S | 18 | 64 |
| H. Kong | C | 19 | 66 | Tokyo | C | 13 | 55 |
| Innsbrk. | F | −3 | 27 | Toronto | C | −4 | 25 |
| Invrnss. | C | 1 | 34 | Tunis | F | 15 | 59 |
| I.o.Man | C | 8 | 46 | Valencia | C | 14 | 57 |
| Istanbul | Sn. | 0 | 32 | Venice | F | 5 | 41 |
| Jersey | S | 3 | 37 | Vienna | S | −4 | 25 |
| Jo'burg | S | 24 | 75 | Warsaw | C | −8 | 18 |
| L. Plms. | S | 19 | 66 | Zurich | F | −2 | 28 |
| Lisbon | F | 13 | 55 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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